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*Cover photograph by Dan McCoy—Black Star*

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$26.75 for three years; Canadian \$10 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1970 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006.

Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. Circulation Headquarters—1615 H Street N.W., Washington, D.C. 20006. Advertising Headquarters—711 Third Avenue, New York, N.Y. 10017. Atlanta: James M. Yandle, 3376 Peachtree Road N.E.; Chicago: Herbert F. Ohmeis Jr., 33 North Dearborn Street; Cleveland: Gerald A. Warren, 1046 Hanna Building; Detroit: Robert H. Gotshall, 615 Fisher Building; Houston: McKinley Rhodes Jr., 2990 Richmond Avenue; Philadelphia: Herman C. Sturm, 1034 Suburban Station Building; San Francisco: Hugh Reynolds, 605 Market Street; Los Angeles: Duncan Scott & Marshall, Inc., 1830 West Eighth Street.



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# MEMO FROM THE EDITOR

Nation's Business  
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of the United States  
1615 H Street, N.W.  
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Did you ever hear the word "ecology" more than a couple of years ago? I sure didn't. And I'll bet many others didn't either.

Yet today, government—the Executive branch and the Congress—is swarming with ecology experts.

As much as the word has appeared in the headlines, I confess I had to look it up to find the real definition:

"The science of the relationships between organisms and their environments."

Of course, the way it's used today isn't that precise. It's usually just shorthand for pollution problems. It has become sort of a slogan, not only for politicians but for many young people and others seriously concerned about the air we breathe and the water we drink.

Nobody would deny that something needs to be done but, as usual, most of the solutions being proposed are big federal programs. To combat water pollution the federal government would get the power to set standards for every bit of water in the country, even a pond in your backyard. The states, which have been trying to decide what's appropriate in their areas, would be largely preempted.

State administrators recognize the impracticality of such a proposal. When *Nation's Business* asked their views, they rejected pending bills by a five to one margin. You'll find their reasoning in the article beginning on page 56.

One quick example of why they reason that way:

In Indiana some waters are naturally so warm that they wouldn't be acceptable under Washington's standards. So the state couldn't meet the federal requirements even if it banned discharge of all materials into those waters.

• • •

Pretty much the same thing is being proposed to correct air pollution. The federal government would set up national standards which would apply regardless of local conditions. Again, the states couldn't decide, for example, that a plant in the middle of a desert might just be less harmful than one in the middle of a city.

Interestingly, in both the water and air pollution

fields, Congress passed laws several years ago encouraging the states to do exactly what they now would be losing a great deal of their power to do. Under those laws, many states have set standards which have resulted in great improvements.

Incidentally, one praiseworthy feature of the proposed air pollution bill would require federal agencies to comply with antipollution standards. And those of us who live in Washington, as well as those of us in many other places, know all too well that the federal government is one of the biggest offenders.

• • •

But all is not lost. The government is already signifying its own belief in the need to clean up the air.

In a formal, straight-faced insertion in the *Federal Register*, the Small Business Administration has changed its official seal to eliminate the plume of smoke coming from the factory in the center of the seal. Here are the old and the new ones.



The 1953 on the new one?

Well, that's the Eisenhower-era birth date of the SBA. It used to appear on the old one, too. But it was eliminated when the Democrats won in 1960. And now it's back, but the smoke's gone.

Hooray.

Jack W. Waldridge





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## LETTERS

## WHAT ONE MAN CAN DO

• Every parent should read Ross Perot's article ["What's Right With America," July]. Every dissenting college student throwing rocks at the "Establishment" should open-mindedly read what a "capitalist" can do, is doing, and will continue to do. Every teen-ager should read about what one man with a dream and enthusiastic hard work can do.

I want to pay tribute to Mr. Perot and to the magazine's editors for printing such an article—one which hits the heart of just what this "nation's business" is, at least to some.

Mr. Perot is a fine example of exactly the kind of person he wants to see American families producing. I think he'd probably be embarrassed by praise of this kind, but he is an inspiration. He's not afraid to express his feelings and to turn them into action. When he describes the plight of those "primitive" people in Viet Nam, you sense his sincerity even in print—he cares! When Jesus said we should "do unto others as we would have them do unto us," he didn't mean only the people in our family or neighborhood, but everywhere.

Few of us can try to help on the

scale that Mr. Perot, personally, is able to, but by supporting our country and raising citizens who are proud of the efforts of all Americans, we do our part. We can change the image of the "ugly American" to that of the "beautiful American" he describes.

ELLIE HASHMAN  
Indianapolis, Ind.

• I am happy that I read this article. Mr. Perot expressed the feelings and ideas of many Americans. The trouble is that people today are not involved in the right way, and they forget how very fortunate they are to live in America.

Fortunate to be an American, I am happy to express my feelings on this article. How lucky we all are!

PAT FISHER  
Nashville, Ind.

### He helped pay for liberty

• In your account of the leaders of the Revolution ["When Businessmen Sparked a Revolution," July] you say, "Without these businessmen and the money they supplied, there would have been no Revolutionary War for us to celebrate." Robert Morris is rightly honored for his part.

May I call your attention to an unfortunate omission of a business-

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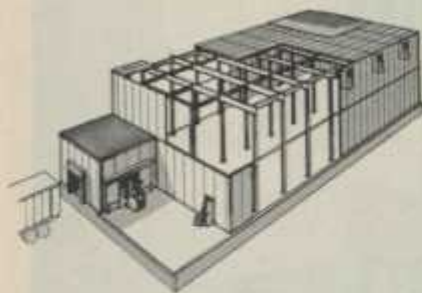
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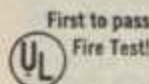
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## LETTERS

continued

man hero in this fine story: Haym Salomon.

I am enclosing an article from the *Chicago Daily News* on this immigrant Jew from Poland. The first paragraph is most illuminating on what he did for his adopted country.

"Salomon's entire fortune of \$350,000 was sacrificed. He died broke and obscure in Philadelphia in 1785. During the war, he narrowly escaped execution by the British. If not for him, the Revolution could not have been financed."

EDWARD A. GROSSFELD  
Vice President  
Charles Advertising Inc.  
Chicago, Ill.

### Our pleasure, Mr. Mitchell

• I want to thank you for the very fair account of our interview in the June issue ["The Tide Is Turning Against Crime]."

JOHN N. MITCHELL  
Attorney General of the  
United States  
Washington, D. C.

### The art of self-defense

• Since the student riots began, I have been deeply concerned over the failure of business, and especially big business, to defend itself in the public eye, and to explain itself and what it does to our educational communities. In the course of the past year, I have been in active contact with many heads of business firms to bring out the point that unless this is done, the misconceptions which are running riot in universities will abound, and the business system of our nation will suffer.

I deeply believe that business firms must get together in a general conference and lay plans for defending and explaining business—what it is, what it does and what it provides to our nation. Students today are misinformed. Their facts are wrong. Their conclusions are farfetched. Yet today business has a bad name due to these falsehoods fed into the consciousness of our youth.

FREDRIC STOESSEL  
President  
Stoessel Associates Inc.  
New York, N. Y.

### Welcoming the handicapped

• Congratulations on featuring Mrs. Spain of Hewitt-Robins, Inc., ["Pan-

orama of the nation's business," May] and her company's commitment to hiring the physically handicapped. So often, businessmen think of what they are giving instead of what they are getting in hiring handicapped individuals.

Through rehabilitation training programs conducted by organizations such as the 52 Association of the United States in New York, the physically handicapped are being welcomed into important jobs in the computer industry, not simply menial jobs.

In our rehabilitation training studies for the computer industry, for example, we have found that physically handicapped individuals can be trained to overcome many of the physical requirements in critical skill occupations.

The old occupational model of survival of the physically fit (manual labor) is redefined in the computer field as survival of the mentally fit (mental work). The importance of this in the field of rehabilitation has obvious significance.

PHILIP W. ANDERSON  
Director of Rehabilitation Services  
Computer Learning and Systems Inc.  
Cherry Chase, Md.

### Is Armageddon near?

• It was with interest that I read your editorial in the July issue. Armageddon takes many forms, and the United States will be very lucky indeed if it escapes such a fate during the next 30 years.

We, as 6 per cent of the world's population, cannot long consume 30 to 50 per cent of the entire world's output of raw materials yearly without bringing chaos and disaster to ourselves and the world. Our continuing population explosion and consumer-oriented society must be reoriented before our system does indeed fail.

The gross national product is a faulty measure at best of our progress from year to year.

It is unfortunate that the great leadership of the American businessman has not been completely awakened to the urgency of the next 30 years. If the business community





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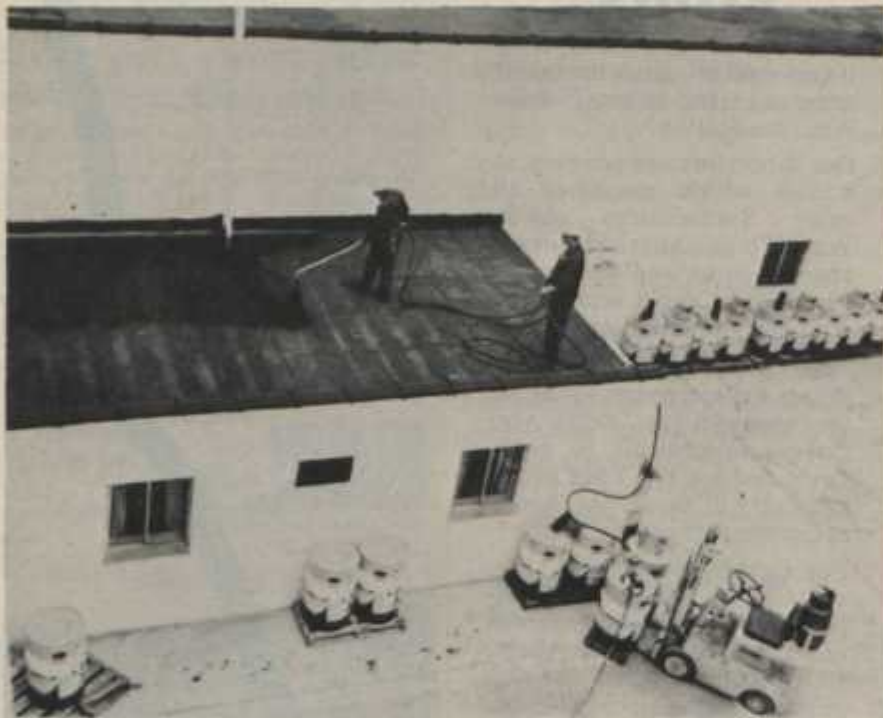
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does not respond, then we are indeed in severe difficulties.

HAROLD E. MANHART, M.D.  
Madison, Wisc.

### Girl Fridays recognized

• Now that you have reported on a survey on whether or not executives owe their success to their wives, ["Your Business Is Her Business," May] how about putting the executive secretary into the picture in a truer fashion?

These girls in many cases are the backbone of a business, whereas your article gives the impression they are very unimportant. Many a top executive has stayed at the top and his wife with him, because of his secretary—and not in spite of her as your article insinuates.

We all know about the "dumb-dumb" types running around some offices, but it is not fair to put them in the same classification as the executive secretary, who runs the whole show when the boss is not there, and sometimes when he is; who makes sure everything is "just so" when he is trying to make an impression on visiting V.I.P.'s; who sees to it that he is not interrupted with unimportant details; who reminds him not only of his appointments but also to send flowers to his wife on their anniversary; who makes sure his car gets washed, etc.

It is time women in business were given credit for having some brains.

AN EXECUTIVE SECRETARY  
Spring Valley, N. Y.

### Educator's responsibility

• "An Educator's View: Six Crucial Changes Colleges Need" (May) is an outstanding piece of work and I am suggesting to all of my faculty that they read it.

Many of Paul Davis's points are ones which I have stressed. Most importantly, faculty must recognize that they need to treat their occupation as a profession, and not merely as a job. Too often we find that faculty "punch in" and teach their course and then disappear. While the outstanding professor will engage in research and consulting to be current and creative, he also has a responsi-

bility to be available for general guidance of the students he is teaching. Students look for leadership and guidance, and they do not find it in an empty office.

The responsible educator takes it upon himself as a part of professional responsibility to bring about that change necessary to make his courses the most meaningful and relevant educational opportunities available, rather than merely recognizing change in order to adapt to it.

PHILLIP D. GRUB

Chairman  
Department of Business Administration  
The George Washington University  
Washington, D. C.

• After reading Mr. Davis's article, I am somewhat concerned that the most important of all possible constructive changes has been overlooked because of its relative simplicity. Our institutions of higher learning have to start making better use of life's most precious commodity—time. While much of the adult world is bemoaning the fact that there never seems to be enough time for accomplishment, its waste in the "college world" is taken for granted.

Perhaps the key to the answer lies in Mr. Davis's sixth proposal, which calls for "research into the mechanics of how people learn." Hopefully, this research will reiterate the age-old thesis which says that (with the possible rare exception of the genius class) students of all ages learn best under controlled conditions—clearly limiting most of their activities to that which we adults have come to call "work."

W. F. WENDLER  
Vice President  
Nealt Corp.  
Baltimore, Md.

• I believe Mr. Davis put it on the line in a proper way. I am on the Business Advisory Council of Miami University in Oxford, Ohio, and a member of the Board of Trustees of Edgecliff College in Cincinnati. As a businessman, I am deeply involved in our "campus crisis."

I must admit that I believe the "crisis" begins with the parents at home before the kids get to college, but, nevertheless, when we have them in college and the kids are grown

up, I guess we will have to deal with the problem on that level also.

ROBERT E. LEVINSON  
President  
The Horcraft Manufacturing Co.  
Cincinnati, Ohio

### Values of great value

• The clear thoughts you find on so many problems confronting us have good effect. I pass them on to my son for his guidance. I am sure other fathers do so, too, in an effort to have young people see more clearly the values of our society. These values have been hard to win and are the result of historical growth through the ages. They have been proved.

DUANE F. BARNES  
President  
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# EXECUTIVE TRENDS

BY JOHN COSTELLO  
Associate Editor

## 20 years from now

Machines, not schoolmarm, will be teaching your youngsters.

Your spending on fun and games will double.

That's part of the picture, 20 years hence, as the college business deans see it.

They were asked about America in 1990 at the recent annual assembly of the American Association of Collegiate Schools of Business. Here, in their view, are some of the likely things to come.

Teaching machines will be an important source of instruction. 89.0

Three out of four Americans will live in cities—or towns. 88.8

Spending for entertainment and recreation will be double that of 1969. 88.5

Free public education will be available to all—through college. 82.5

Americans' work week will be cut to 32 hours. 75.5

Workers will have a guaranteed annual wage of \$6,000. 79.5

We'll live better in 1990, the deans agree, but not necessarily a lot longer.

Only three out of 10 believe that the average life span will stretch to 100.

## Standing taller —among the fallen

Here's one way to hog the spotlight, and grab your boss's attention: Make yourself look good by cutting down the competition.

It's a sure-fire strategy for success, says author Joseph L. S. Terrell, tongue in cheek, in his new book: "A Neurotic's Guide to Sane Living" (\$4.95, Moore Publishing Co., Durham, N. C.).

- The new Gay Nineties
- Taking your measure
- A taste for accounting
- Familiar names change

Forget about positive mental attitude, he advises. Think destructively.

Mr. Terrell has some handy tips on how to cut your competitor's throat without soiling the executive suite.

## How do you rate as a manager?

George is jubilant.

"I'm in solid," he says.

"Yesterday the boss took me to lunch. He says he has big plans for my future."

Clyde is glum.

"That's the second cocktail party in a row I wasn't invited to," he moans. "I must be on the boss's blacklist."

Some executives measure their performance in running a corporation's divisions or subsidiaries by the boss's smile—or frown.

But bosses' attitudes are "rubber yardsticks," one expert says. "They don't necessarily measure performance. They may merely reflect personal likes or dislikes."

U. S. Industries, Inc., has an objective rating system that has nothing to do with likes or dislikes. Its divisions and subsidiaries are rated each month against nine bench marks.

You can use them to measure your own firm's or division's performance, too. For each goal you reach, give yourself the points indicated.

A perfect score is 11 points.

PERFORMANCE	Points
Pretax dollar profit was up over same month last year.	2
It was 15 per cent higher—or more.	1
It was 25 per cent higher—or more.	1
Pretax profit per cent of sales equals or tops same month last year.	1
Pretax profit return on average	

investment is ahead of same month last year. 2

Sales in receivables and cost of sales in inventory are less than same month last year. 1

## PLANNING Points

Pretax dollar profit is within 15 per cent of budget. 1

Pretax profit's per cent of sales is not less than 90 per cent of budget. 1

Pretax profit return on average investment is not less than 90 per cent of budget. 1

At the end of every quarter, U. S. Industries gives an excellence award to perfect performers.

If you score 11, of course, you can give yourself an E award for excellence.

## Major in English —or engineering?

You can still be a financial whiz.

One third of our most successful financial executives have undergraduate degrees in fields other than business or finance.

That was one of the surprises in a study published by the Financial Executives Institute.

"Most financial officers do take an undergraduate degree in business or finance," an FEI spokesman says.

"That's why it was so startling to learn that a third of the most successful ones hadn't."

"Successful" executives are defined as those rated most effective in their jobs—and rewarded accordingly.

More than 480 companies took part in the survey.

"It shows that a broad, liberal-arts education produces financial executives who do better at their jobs than those with a vocational background," the FEI spokesman comments.

"It also shows the value of a graduate degree. Of those who had one, 31 per cent rose to chief financial officer in their company."

## A stockpile of knowledge

Like to dig out some nugget of information from *Akademiia Nauk*?

Or *Allgemeines Statistisches Archiv*?

How about a back issue of the



*Annals of Mathematics* or the *American Rocket Society Journal*?

Kraus Reprint and Periodicals Companies, New York, can probably help.

It has four million old journals—or reprints of them—in its files and warehouses.

Avco Corp., IBM, Bell Labs, Martin Marietta Corp. and Texas Instruments, Inc., have all called on it for data hard to locate elsewhere.

"Much of the world's research often appears first in journal form," a company spokesman says.

"So does a lot of the new thinking in all fields."

"And those conducting research frequently want to go back to the original sources—not as digested or reported elsewhere. Unfortunately, these journals go out of print, wear out or otherwise disappear."

The Kraus stockpile of educational, scientific and cultural publications includes books as well as journals. Some are 100 years old.

### **Bull market in this profession**

Lynn Townsend, chairman, Chrysler Corp., is one.

Harold S. Geneen, chairman and president, ITT, is another.

So is William Blackie, board chairman, Caterpillar Tractor Co.

All three are members of the nation's fastest growing profession—accounting.

Already, C.P.A.'s number 110,000, the American Institute of Certified Public Accountants reports. And the schools are turning out 16,000 accounting graduates a year.

"Our supply of doctors is growing 1.75 per cent a year," an AICPA spokesman says. "And lawyers at the rate of 1.5 per cent."

"But C.P.A.'s are increasing 6 per cent a year."

How come?

"Demand," AICPA says.

"Business is becoming more complex—and needs more men who dig the ins and outs of finance. And, unlike law, accounting has been an underpopulated profession. Pay was partly to blame."

"Firms once asked accountants to start for next to nothing. Five years

# Give us four weeks and we'll give you a new advertising program.



**Friendly Reminders.** In four weeks we can do something about those plain, drab paper products, you're now using.

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Or use them in your service area.

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**For safety's sake.** Safety is a habit, not just a hard-hat. So why not make it a habit to order your cafeteria napkins printed with safety reminders.

The cost? Only pennies. And they just might remind someone to prevent an accident.

**The Idea People.** There are hundreds of ideas where these came from—Fort Howard. Write us on your business letterhead and we'll send one of our men over to talk to you about them. Four weeks. That's a short wait for a new image.



# Fort Howard Paper

Green Bay, Wisconsin 54305



## EXECUTIVE TRENDS

*continued*

ago the average starting salary was \$6,480 a year. Now it's \$10,000. Top graduates start at \$11,000 or more. Those with M.B.A.'s start at about \$12,000."

Don't look for an ample C.P.A. supply, the Association warns, even with a bumper college crop of 16,000.

"Big international accounting firms alone have at least 8,000 openings a year," it says.

### Whatever became of . . .

Remember Corn Products Co.?

Last year it became CPC International, Inc.

And Rexall Drug and Chemical Co.? Now it's Dart Industries, Inc.

Others took on new names that retained their old identity. Such as Olin-Mathieson Chemical Corp., now Olin Corp. And Pet Milk Co., now Pet, Inc.

These are some of the corporate

changes listed by The United States Trademark Association in its new annual report.

Some of the new monikers are due to mergers.

Last year set a new record for them, USTA says. There were 6,132, compared to 4,462 in 1968, and 2,384 two years earlier.

"Also, more new trademarks were filed than in any other year," a USTA spokesman says. "Last year's 32,631 is well above the old record of 28,294, set in 1968."

But fewer trademarks were registered—22,073 vs. 22,793 in 1968.

"The Patent Office machinery just didn't work as quickly," an Association spokesman sniffs.

### Feeling the pinch

Been invited to a business seminar or conference lately?

If not, don't feel left out.

The seminar and conference business has been hurt by the business slowdown.

"When corporate profits drop, fringe benefits—or fringe activities—get lopped off," one source comments.

"Sending executives to two- or three-day seminars is one activity that's likely to get the ax. Although, frankly, what an executive learns there, and whom he meets there, are more than a fringe benefit to him—or the corporation."

As a result of the slowdown, even the big, better-known conference and seminar organizers have held fewer gatherings.

Or, they say, they have found attendance slimmer at those they've held.

One organizer, Boston-based Management Center of Cambridge, has folded. *Consultant News* says MCC lost over \$500,000 in fiscal 1970.

American Management Association, Advance Management Research International, Inc., and Corporate Seminars, Inc.,—all of New York—report some slowdown in activity or attendance.

"But lately," an AMA spokesman says, "both have been picking up."

## With 2 more years of schooling **Bill Miller works harder and smarter**

The people in Treasure Chest Land have a thing about education. They want all they can get. As a result they stay in school nearly two years longer than the national average. Which makes a big difference in the kind of jobs they are qualified to perform. As an example, the colleges in Treasure Chest Land produce more engineers and scientists per capita than anywhere else in the United States.

It is this kind of enthusiastic, eager-to-learn atmosphere that can make an industry grow. Perhaps your industry.



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# PANORAMA

of the nation's business

BY VERNON LOUVIERE  
Associate Editor

## A Firm's Stand on Personal Weakness

As any employer knows, it is becoming increasingly difficult to maintain standards in choosing new employees.

Even the best screening methods have failed to keep out persons with drinking, narcotics or emotional problems. How to cope with this has become a major employment headache of the Seventies.

Pitney-Bowes, Inc., has tackled the problem head-on. It has set up a well-coordinated program designed to ferret out the unstable employee and try to help him, if possible.

The company feels the problem

is "of a sufficient dimension" to require "management action," according to James L. Turrentine, vice president for employee relations.

Pitney-Bowes launched its program early in 1969 with a series of intensive seminars for its first-line supervisors.

Experts in alcoholism, drug addiction and mental illness spelled out the nature of these "personal" weaknesses and provided the supervisors with proper guidelines for detecting them at an early stage.

Industry has learned to cope with the drinking employee but it has had virtually no experience with the drug addict. The emotionally unstable employee creates difficulties all his own.

Pitney-Bowes has drafted an extensive manual on alcoholism, its early detection, and company-recommended methods of dealing with the alcoholic employee. It is planning similar manuals on drug addiction and mental illness. In addition, these subjects are being incorporated into the company's basic supervisory orientation course.

John O. Nicklis, Pitney-Bowes chairman and chief executive officer, discussing some of these problems of the "new work force" of the Seventies, has noted:

"I think we will have to do a lot more, particularly if the use of drugs among high school and college students continues to grow as it gives every indication of doing."

## Generating Goodwill Toward the Young

In the wake of last spring's campus rioting and the closing of many universities, more than one businessman has been tempted to exclaim, "I wouldn't touch one of these youngsters with a 10-foot pole. They are out to destroy the country and the Establishment of which I am a part."

But many of these same youngsters soon will be on the payrolls of the businessmen now decrying campus rebellion.

Elmer L. Winter, president of Manpower, Inc., a major temporary help and business service firm, believes all businessmen would be well advised to take another look before turning their backs irrevocably on the younger generation.

"We have to be careful we don't paint all of our youth out with a wide brush and paint them out for good," he warns.

Mr. Winter has the credentials to talk about young people. He is the



*Mr. Winter, who works closely with the young, warns business against "painting them out of the picture."*

founder of Youthpower, a nonprofit clearinghouse that has placed over 44,000 youths in summer jobs around the country since 1964.

He concedes that while a number of young people are hostile to society and bent on destruction, the majority are "decent, constructive and bright and want to see this coun-

try move forward—building, not on ashes, but on what we have accomplished so far."

Mr. Winter believes businesses which "screen out youth because they might upset the company's status quo" will fail in the years ahead.

"Let's look at all of this in practical, businesslike ways," he suggests. "How are we going to run our companies five or 10 years from now if all of our youth are alienated—if they turn to teaching, social work or government in preference to working for private industry?"

He cites a survey of 800 college seniors which showed that only 12 per cent want a business career as a first choice. This, he believes, is a warning to the business community to become seriously involved with finding answers to community problems outside the corporate gates.

Businessmen everywhere face the challenge, Mr. Winter says, "of convincing our youth that we in business and industry are willing to do our proper share in the struggle for a better world."

*continued on next page*



## A Rich Flow From a Pool

Ivy Baker Priest not only has handled more money than any other woman in history but she has a lot of respect for it—both as a housewife and a public official.

Mrs. Priest served as treasurer of the United States in the Eisenhower Administration, and her signature appeared on currency totaling \$62,846,416,000 as she presided over the world's richest treasury.

Mrs. Priest's eight years as a Washington official were good training for her present job, treasurer of the State of California.

She handles a cash flow of billions of dollars annually and processes billions in securities and other state investment programs.

Her proudest accomplishment is the amount of money she has been able to earn for the state by shrewd investment of surplus funds where they will draw the most interest in the shortest period. In her first three years in office, these earnings have come to more than \$250 million and they're expected to reach \$350 million by the end of the next fiscal year.

Under California law all idle funds in various state agencies are channeled into a common "pool" from which they are in turn invested on the outside. Mrs. Priest's familiarity with the financial community, a by-product of her Washington experience, has served her well in seeing to it that these investments bring a maximum return.

"Many states have been sending their people here to see how our

pool money concept works and are anxious to try it in their own operations," she says. "It works very simply. You might compare it to a family with money to invest. Either they can do it on their own or go to someone who has access to the right information and can make the best transaction. It is the same with a state agency. They have so many problems of their own. But the treasurer's office is geared to handle investments and we have the information necessary to invest our money where it will do the most good."

Mrs. Priest, who sometimes invests more money in an hour than most men earn in a lifetime, says she has been able to apply to her work the same respect for thriftiness that she learned as a \$14-a-week clerk in the Utah mining town where she grew up.

## Easing Toil on the Soil

In 1907, Henry Ford experimented with an "auto plow" in an attempt to alleviate the hardship of farming under primitive methods. He later incorporated this engineering knowledge into mass production techniques to help solve Britain's food shortage in World War I.

With somewhat the same aim in mind, Ford Motor Co. has now built a new kind of tractor designed especially to help small farmers in developing nations escape the drudgery of crude tilling of the soil and perhaps find a better way of life.

The Ford DNT, as it is called, is being sold initially in Jamaica. Based on its experiences there, Ford expects to expand distribution to other parts of the Caribbean, to Central and South American countries and, ultimately, the rest of the world.

The DNT, a small, two-wheel tractor which a farmer operates on foot, will sell for about \$505.

It is not merely a product of the engineering drawing board.

Ford held a series of meetings with



Farmers in the Dominican Republic take a turn with a revolutionary new tractor developed by Ford Motor Co.

university and foundation experts and with representatives of such government branches as the Agency for International Development before settling on the tractor it felt would achieve best results on primitive farms.

"Now we have to determine whether this tractor can be sold in sufficient volume at a price the owners of small, marginal farms can af-

ford to pay," says Robert J. Hampson, president of Ford's nonautomotive operations.

"If we succeed, and we believe we will, we think the program, coupling mechanization with better use of fertilizers and improved seed varieties, will go far toward raising the standard of living in the developing nations and reducing the threat of famine in the coming generation."



## SOUND OFF TO THE EDITOR

## SHOULD BUSINESSMEN SUPPORT COLLEGES?

For generations, the businessman has been a major contributor to colleges and universities, both as an alumnus and as a decider of where company gifts should go. The Council for Financial Aid to Education reports that higher education last year received as gifts from corporations about \$374 million, up 10 per cent from 1968.

Now, many businessmen wonder if such support should continue.

They see some students seemingly spending most of their time away from studies. They often see faculty members and college administrators apparently forgetting the principal business at hand—teaching.

The product of today's colleges also alarms many businessmen. Some personnel directors report many graduates they have hired show little sense of responsibility, have anti-business attitudes and, perhaps worse, can scarcely handle the Three R's.

Some businessmen suggest money given to colleges and universities

might more wisely have gone to trade schools connected with their industries, or, in a period of shrinking profits, have been plowed directly back into the firms.

Much of the crisis in education, some argue, is due to the fact that most schools exist in a cosmos of subsidies and grants, setting below-cost prices for their services.

The Center for Independent Education is encouraging consideration of a return to full-cost pricing in private education. Additional school revenue produced by this change, the Center suggests, could be used in part for financial aid in the form of loans and scholarships "for those truly in need."

Defenders of the colleges say education needs businessmen's support more than ever. They point to rising costs and uneasiness in Congress about further increasing taxes to pay for education. They say colleges have taken on new and more relevant roles in their communities and in global

affairs, including the upgrading of the "culturally deprived."

Campuses are in turmoil, say college supporters, because they are acting as buffers between a new highly-involved generation and a world of "worn-out values." They say businessmen are shortsighted when they fail to see how they will ultimately benefit from the new "more aware" type of graduate.

Instead of cutting themselves off from the colleges, they say, businessmen should be doing more for them. Otherwise, they warn, colleges will turn more to government support, and that means further injection of the state into education.

College enrollment, now 6.7 million, is expected to rise to nine million by 1975. The Council for Financial Aid to Education says corporations will have to increase their gifts 87 per cent to \$700 million by 1976 "to keep pace with needs."

What do you think? Should businessmen keep on supporting colleges?

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20006

Should businessmen support colleges?

☐ Yes ☐ No

Comments:.....

.....

.....

.....

.....

.....

Name and title.....

Company.....



# SOUND OFF OPEN AND SHUT CASES RESPONSE

Whatever the merits of making Sunday a day of relaxation for merchants and purchasers, many of us have not adopted a relaxed attitude on the subject.

That's obvious from the outpouring of responses to last month's "Sound Off to the Editor" question, "Should stores sell on Sunday?"

The nays have it, handily.

Many readers favor restricting Sunday selling to certain items, a common situation now in areas which have so-called blue laws. Some favor a ban on any Sunday sales whatsoever. A smattering of others want an enforced six-day week for sales, leaving the choice of day of rest to the seller's conscience and religious beliefs.

Frequently, the arguments on either side of the issue are strongly held.

"The general over-all decline in the morality of our great country is evidenced by the large amount of business of all kinds being conducted on Sunday," writes Robert J. Ropes, assistant superintendent, Delco Radio Division, GMC, Kokomo, Ind.

A nation that "has been so bountifully blessed by the Lord should set one day aside to worship Him," says Kenneth Jameson, manager, Builders Lumber & Supply Co., Portland, Mich.

Says W. W. Marett, president, Famous Foods, Inc., Atlanta, Ga.: "Only the lazy, careless and unorganized need stores to be open on Sunday."

C. F. Johnson, sales training manager, Pet, Inc., St. Louis, Mo., agrees: "Most people have plenty of time to purchase desired products."

Management consultant George F. Platts, of Ormond Beach, Fla., indicates he'd like to take the same stand, but can't. "Personally, I believe Sunday should be a day of worship," he writes. "There is more than enough time throughout the rest of the week to do any shopping. Nevertheless, our nation is dedicated to the separation of church and state and this issue is

purely religious. I see no reason why I should impose my beliefs on anyone else in such a matter."

The beliefs of a minister, who also happens to be a woman, favor unlimited Sunday selling. "Religious faith is not a one-day-of-the-week matter," writes Mrs. Elizabeth D. Beck, pastor, South Presbyterian Church, Easton, Pa. "There are strong religious grounds for eliminating blue laws and allowing any business to operate on Sunday. Judeo-Christian tradition demands good stewardship—the proper use of our time, talents and resources 'to the glory of God.'"

And a Georgian, Ike W. Pitman, regional manager, Neptune Meter Co., writes from Atlanta that it not only is "honorable and righteous to work," but that Sunday sales could mean "religious institutions receive more funds in which to promote the Golden Rule."

Blue laws, claims Paul Lennon, of an Indianapolis, Ind., advertising agency that bears his name, "are set up by those who wish to use the law to legislate their competition out of business."

William F. Brown, director, emergency planning, U. S. Steel Corp., Pittsburgh, Pa., also takes an economic view, but from a different standpoint. "I oppose Sunday selling not on religious grounds but because it must increase my living costs," he says—in reference to extra merchandising expenses such as employee overtime.

Keith D. Vogt of Farr's Department Store, Modesto, Calif., makes the same argument and adds: "With unions pushing for a shorter work week, if we expand Sunday selling we will end up with the worker class vs. the nonworkers—the union men."

Speaking of employees, E. E. Anthony Sr., board chairman, The Commercial Bank, Andalusia, Ala., writes that "it is unfair to require them to work on Sunday when they

should be free to attend Sunday school and church."

And P. E. Moffit, vice president, Hugh Francis & Co., Memphis, Tenn., wonders "what happens to the working man, looking forward to a day of relaxation, when his wife says, 'Let's go shopping,' or 'Baby-sit while I get my groceries.'"

John J. Paonessa, of Huntington Woods, Mich., a certified marriage and family counselor, says Sunday selling has "invaded family life to the detriment of social and emotional needs of family members. In cases of individuals having to work on Sunday, I have seen parents lose contact with their children completely."

Also stressing benefits to society in Sunday closings, John Langhout, resident manager of the Weyerhaeuser Co.'s Manitowoc, Wisc., branch, writes: "The pace should be changed for one day each week. Lower the noise level. Create a different climate. As a society, we'll last longer and do better."

Readers who urge Sunday closing even of stores handling emergency needs also offer remedies. "The city fathers," writes Harry Nick, manager, Standard Welding Supply, Inc., Miami, Fla., could rotate open Sundays among drug stores "in order to be fair." Says Ella Cummings, owner, Merle Norman Cosmetic Studio, Evansville, Ind.: "Let the hospitals take care of what drugs are needed." As for other emergency items, she says, consumers will obtain them at other times "when they know they can't buy on Sunday."

B. E. Bettilyon, purchasing manager, Bettilyon Construction Co., Salt Lake City, Utah, also is against half-way measures on Sunday sales. But he is for selling. He puts it this way:

*A young businessman from Salt Lake City.  
Thinks all blue laws are a pity.  
He can go to a bar, or buy a cigar  
But can't get milk for his kiddie.*



## **INTERNATIONAL PAPER ANNOUNCES A \$101 MILLION, FOUR-YEAR PLAN TO COMBAT POLLUTION.**

**I**nternational Paper Company believes that the aspirations of our society for a better life can be met, that the pollution of our environment can be controlled, and that the vital quality of the basic resources we all share can be maintained within the framework of our economy. International Paper is dedicated to do its part as an industrial citizen to achieve these goals.

I can now report to you that the Company has adopted a four-year plan, to be completed by 1974. This plan places International Paper in the forefront of those taking positive, constructive measures to solve the problem of environmental quality.

We estimate the total cost of this program will be \$101 million.

When this program is completed every one of our U.S. pulp and paper mills will be equipped with primary and secondary waste water treatment systems.

Water so treated does not adversely affect the complicated life chain in natural waters—from bacteria to plankton, to plants and fish life.

In terms of air quality this program will utilize the latest technology, which will permit us to remove over 99% of particulate matter from mill emission points. Presently installed equipment has an efficiency factor of about 90%. It will also include adaptation of new technical developments that will control the odors of a kraft paper mill.

International Paper pledges to apply its technology, its resources, and the efforts of its people to this end.

**EDWARD B. HINMAN**

*President, International Paper Company*



# THE '70 CAMPAIGN:

With most primary elections over, Democratic and Republican candidates now start the battle for Congress.

The magic number for Republicans will be seven. That's how many more seats the G. O. P. needs to control the Senate for the first time since 1954.

The Democrats now hold the reins in the Senate, where the party lineup is 57-43, and in the House, where it's 244-186, with five vacancies.

Republicans' chances for seizing those reins in the Nov. 3 election are considered far better in the Senate than they are in the House.

A G. O. P. take-over in either branch of Congress would mean sweeping revisions in its committee chairmanships and assignments. The committees daily make decisions that have a major impact on business, as well as other areas of national life.

Sen. John G. Tower of Texas, chairman of the Republican Senatorial Campaign Committee, says his party has a "good opportunity" to win Senate control.

He figures 15 or 16 of the 25 Democratic seats at stake are vulnerable, while nearly all of the 10 G. O. P. seats at stake appear safe.

His opposite number at the Democratic Senatorial Campaign Committee, Sen. Daniel K. Inouye of Hawaii, concedes that "the mathematics favor the Republicans," but argues that the Administration's record helps the Democrats.

Sen. Tower counters that it helps the Republicans. "In many states," he says, "the outcome will be affected by how pleased the people are with President Nixon."

But the Democrats are relying on the electorate once more to show it's put out with the "ins" in a non-Presidential year. The party in the White House has lost ground in Congress in every off-year election since 1934.

A minimum Republican gain of seven Senatorial votes would produce a 50-50 tie on organizing the Senate, which means controlling committees.

Vice President Spiro T. Agnew would resolve the tie by voting, of course, with his fellow Republicans.

(An imponderable in fine-tooth-comb figuring is the status of one Virginia seat. Sen. Harry F. Byrd Jr., elected as a Democrat, is running for reelection as an independent against Democratic and Republican nominees. If he wins, as he probably will, he could vote with either party on organization.)

## Outlook from the summit

A switch in majority parties in either or both houses of Congress would, of course, have an important effect on the legislative fortunes of a President whose party has been in the minority on Capitol Hill for his first

two years in the White House. President Nixon and his political strategists also are aware that this year's Congressional elections could have a major bearing on the President's own race for reelection two years from now.

The White House has gone out of its way to woo attractive young G. O. P. candidates, particularly to induce rising young Representatives to abandon safe House seats and run for the Senate.

The major issues for the most part are the handling of the Viet Nam War and of inflation, rising unemployment and other economic problems, plus crime, campus violence and environmental pollution.

G. O. P. candidates are hitting



*What it's all about: Voters take over when campaigns end.*



# BATTLE FOR CONGRESS

PHOTO FROM GEORGE C. BARNES

PHOTO: GEORGE TAYLOR



A convention nominated Rep. Lowell Weicker (R.-Conn.) for the Senate, but he faces a "challenge" primary. He's heavily favored.

Ohio Democrat Howard Metzenbaum is a newcomer on the political scene.

hard at the theme that these problems were created by Democratic Administrations and that President Nixon is struggling to repair the damage.

Democratic candidates hammer away at what they call Republican inability to handle the problems. "The No. 1 indictment against the Administration," says Sen. Inouye, "is what it is doing to our people's economic well-being."

Part of the Democratic election problem is, ironically, a legacy from Lyndon Johnson's landslide Presidential victory of 1964. The landslide, it's believed, made winners out of half a dozen Democratic Senatorial candidates who otherwise would have been losers.

Of the 25 Democratic Senate seats at stake this year, 15 are from states that went Republican in the 1968 Presidential elections.

Republicans see other reasons for optimism that their Senate candidates in particular will do well.

## Conservative tide?

They believe the conservative tide that brought President Nixon into office is running more strongly, if anything, with "Middle America" continuing to hold the voting power and backing the Administration against critics of the war and rioters on campuses and city streets.

G. O. P. leaders are cheered by various public opinion polls showing majority support for the way Presi-

dent Nixon has handled his job, including Viet Nam policy.

To buttress their stand that voters are on a more conservative tack, Republicans cite the heavy toll among leading Democratic liberals in the past two years—Sens. Wayne Morse of Oregon, Joseph Clark of Pennsylvania, Daniel Brewster of Maryland and Ernest Gruening of Alaska, all defeated in 1968, and Ralph Yarborough of Texas, beaten in a primary this year.

And, while Democratic Governors outnumbered Republicans 33-17 only four years ago, 31 governors, including those in eight of the nine biggest states, now are Republicans and only 19 are Democrats.

In seeking control of the Senate,



## The '70 Campaign: Battle for Congress *continued*

the Republican hierarchy has pulled out all stops to aid candidates it thinks can win. This backing has gone far beyond the usual posed pictures with the President. It has included personal appearances by the acknowledged star of the political fried chicken circuit, Vice President Agnew, and liberal doses of funds for such items as the hiring of veteran campaign managers and press aides to run professional races. It will include stumping by the President.

The Vice President's drawing power is shown by the \$3 million raised for Republican candidates at dinners and other affairs at which he has spoken.

Congressional campaign committees of both parties have staged elaborate fund-raising events. The money is allocated to the candidates, who also conduct fund-raising activities of their own.

While the Democratic National Committee remains saddled with a multimillion-dollar debt left over from the 1968 Presidential campaign, money for the Congressional races is raised separately and is not involved in the 1968 deficit problem.

### How candidates see issues

To give its readers a better insight into the 1970 elections, NATION'S BUSINESS got the views of three Republicans and three Democrats on the issues they believe will put them in the Senate next year.

The Democrats are Sen. Harrison A. Williams Jr. who is seeking reelection in New Jersey, and two newcomers to Congressional races—Adlai E. Stevenson III of Illinois and Howard M. Metzenbaum of Ohio.

The Republicans are Congressmen trying for seats in the upper house—Lowell P. Weicker Jr. of Connecticut, George H. W. Bush of Texas and John S. Wold of Wyoming. They have much in common—youth, a background in business and a political philosophy similar to that held by Mr. Nixon. In the mold of the new breed of politician, they are handsome, articulate and affable. They project well on television.

Connecticut's Rep. Weicker, 39, the only one of the three still to face a primary (he's considered a shoo-in) is tall, athletic and independently



*Rep. John Wold (R.-Wyo.) is making his second effort to dislodge Democrat Gale McGee from the Senate.*

wealthy. While the war and the economy figure prominently in his campaign he must address himself to numerous problems peculiar to Connecticut. A dedicated Nixon adherent, he is concerned that Washington has not treated his state as favorably as he would like.

"We have a tremendous housing shortage and it is not being solved," he says. "We need a massive injection in public housing, to say nothing of how desperately we also need private housing."

Mr. Weicker, many of whose constituents work in New York City, is a strong believer in urban renewal and has fought unsuccessfully for guarantees that no families be displaced when slum housing is razed.

He also is concerned about pollution. "Long Island Sound has become a cesspool but the communities located on it don't have the money to clean it up," he complains. "This will take federal help."

Down in Texas, 46-year-old George Bush, a transplanted Easterner, is making his second bid for a Senate

berth. But this time he won't lock horns with Sen. Yarborough, who beat him in 1964. Instead, he is up against former Democratic Rep. Lloyd M. Bentsen Jr., the conservative businessman who toppled Sen. Yarborough in the spring primary. In a sense, this has taken some zing out of Rep. Bush's drive because the ideological differences between the two contenders are so slight as to be almost imperceptible.

"But," explains candidate Bush, son of former G. O. P. Sen. Prescott S. Bush of Connecticut, "I'm running a positive campaign and have not altered my strategy."

Rep. Bush, like Mr. Bentsen, needs voter recognition in the vast western part of the state, and it has been a matter of trying to convince these largely conservative westerners that he has more to offer than his opponent.

"Lloyd Bentsen says two Republican Senators would be bad for Texas," he points out. "And I say, 'Who can do more for Texas?'"

Mr. Bush is in his second House



PHOTO BY ST. LOUIS POST DISPATCH FROM S.C.



Illinois' Adlai E. Stevenson III discusses housing with voters. His opponent is G. O. P. Sen. Ralph Smith.

term and, consequently, is on record on various issues. So the voters know where he stands; but candidate Benton also has something to shoot at.

"I have voted for fiscal restraint, postal reform and revenue sharing," Mr. Bush explains. "I'm with President Nixon on Viet Nam and I stand with him against wage and price controls."

Youthful rebellion is an issue which Congressman Bush has reason to discuss.

"The people are sick and tired of the disruption and violence. I have never heard so much strong reaction to anything. But this isn't necessarily a federal problem. I blame it mostly on the faculties."

In Wyoming, Rep. Wold is eager to engage in personalities and has launched a no-holds-barred campaign to unseat Democratic Sen. Gale McGee. He tried unsuccessfully in 1964. About his opponent he says simply:

"Gale McGee has failed our state." Mr. Wold, a professional geologist who owned a geological consulting

firm before his election to Congress in 1968, has no illusions about the difficulty of defeating an incumbent Senator, especially one with enough seniority to gain a committee chairmanship. Sen. McGee, a former college professor, is chairman of the Senate Post Office and Civil Service Committee.

"McGee will try to make much of seniority—but what good is seniority if it includes no effective action?" Mr. Wold asks. "What could be more dramatic than the first postal strike in the history of America while McGee sat as chairman of this Committee?"

#### The other side

Democrats see the political trends far differently than do the Republicans.

In New Jersey, Sen. Williams, 50, declares that "this nation needs a Democratic Congress."

It needs one, he says, because "a Democratic Congress will not rubber-stamp fiscal policies that do not halt inflation . . . [and] will not rubber-

stamp token withdrawals from Viet Nam while the war spills over into Laos and Cambodia."

Adds the Senator: "I feel very strongly that this is a Democratic year. The people have historically turned to the Democrats as the only party willing to fight aggressively against a recession."

Mr. Metzenbaum, 53, a Cleveland businessman who won an upset victory over astronaut John Glenn for the Ohio Democratic nomination for the Senate, says the war and economic problems are intertwined:

"The end of the war should mean more jobs, not less, and we will be able to build the homes, the sewage treatment plants and the schools we need when inflation is halted and interest rates return to normal."

After World War II and the Korean War, the nation was able to achieve full employment and unprecedented prosperity in an amazingly short time, he says, adding: "This is what we have to do now."

Mr. Metzenbaum's Republican opponent is Rep. Robert A. Taft Jr.,



## The '70 Campaign: Battle for Congress *continued*

PHOTO: FRED BARD—BLACK STAR

son of the late G. O. P. Senate leader. As in other states, the Democrat is running as much against the Nixon Administration as against his opponent.

In moving about Illinois, Mr. Stevenson, 39, has not exactly been handicapped by a name which was once a household word among voters. He does not publicly capitalize on his late father's career as a Governor, Presidential candidate and Ambassador to the United Nations, except to counter his opponent's charge that he would be a "downstate Senator." Mr. Stevenson emphasizes that he, as well as his father, has strong Chicago ties.

Mr. Stevenson says that if the United States cannot achieve a political solution in Viet Nam through negotiation, "then it should recognize the inevitable collapse and pull the troops out as fast as it can, consistent with their safety."

A sharp critic of military spending, he accuses the Administration of failing to assign proper priorities to critical domestic needs.

In the suburban Chicago community of Glencoe he told a citizens group fighting pollution:

"The federal government spends more on the war in Viet Nam in two weeks than it has spent on air pollution control in the last 10 years. Apollo 11 cost more in fiscal 1969 than federal air and water pollution combined, and the Administration has requested almost twice as much to promote the supersonic transport next year as to control air pollution."

Mr. Stevenson, who currently is Illinois' state treasurer, hammers hard at the unemployment issue, at the same time urging more direct ways of bringing inflation under control.

Crime also is high on the list of Mr. Stevenson's campaign issues.

In downstate Clinton, he told the voters: "We cannot call this an open society when the streets of Saigon are safer than the streets of Washington."

### Top targets

The top-priority Senate targets of Republicans include Ohio, Texas, Tennessee, Utah, Wyoming, New Jersey, North Dakota, Nevada, Michigan, Indiana and Florida.



*Sen. Harrison A. Williams Jr., New Jersey Democrat seeking reelection, hopes to head the Committee on Labor and Public Welfare.*

Democrats are going all-out to keep those seats and hope to pick up more, with special emphasis on California, New York, Alaska and Illinois.

Connecticut and Virginia are question marks because of the political upheavals in Democratic ranks in both states this past year.

Republicans feel reasonably safe in Arizona, Delaware, Hawaii, Nebraska, Pennsylvania and Vermont, while Democrats think they can hold Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, New Mexico, Rhode Island, Washington, West Virginia and Wisconsin.

If the Republicans did win control of the Senate, most resulting switches in committee chairmanships would mean little ideological difference, many Congressional observers say. They see a liberal or moderate Re-

publican succeeding a liberal or moderate Democrat, or a conservative succeeding a conservative.

On the important Labor and Public Welfare Committee, for example, many observers see little difference in philosophy between the Republican who would be chairman, Sen. Jacob Javits of New York, and the outgoing chairman, Sen. Yarborough of Texas, or New Jersey's Sen. Williams, who is next in line for the Democrats.

But even if a new chairman were not noticeably different in ideology from the present chairman, a change in party control of the Senate could mean a change in a committee's voting. The majority party has a majority on every committee, and on straight party-line votes can control the destiny of legislation.

And on some major committees, there would be a distinct difference in the chairmanship's tone. On Finance,





Texas Rep. George Bush (center) greets Rep. Rogers Morton, Republican national chairman, on the House floor. He hopes to switch to the Senate.

Wallace Bennett of Utah would replace Russell Long of Louisiana; on Banking and Currency, Texas' Sen. Tower would succeed John Sparkman of Alabama; and on Commerce, New Hampshire's Sen. Norris Cotton would take over from Warren Magnuson of Washington.

#### For revenue sharing

Should Sen. Bennett move into the Finance Committee chairmanship he most certainly would give the Committee a more conservative flavor. Indications are he would push hard for the Administration's highly touted federal-state revenue sharing plan. The Senator himself sponsored such legislation before it was embraced by the Administration. The current committee chairman, Sen. Long, is known to be only lukewarm on the subject. Sen. Bennett also would probably surface as more of a trade protec-

tionist than Sen. Long. He represents a cattle-producing, mineral-rich, mink-ranching state which has been hurt by foreign imports. He is said also to support the present levels of depletion allowances for minerals and might attempt to raise some levels.

If Sen. Tower takes over the Banking and Currency Committee helm, he will devote much of his attention to housing (he now is the ranking G. O. P. member of the Senate Housing subcommittee). It is expected that he would seek—through legislation—to provide more incentive for private money to be invested in the mortgage market, rather than to expand government subsidy programs in this field.

It can be anticipated, too, that he would favor a reduction of the federal budget as one means of broadening the private sector's control in finan-

cial markets. Sen. Tower also can be expected to call for measures to help small businesses flourish and resist take-over by conglomerates.

Consumerism will continue to loom large in Congress but the Senate Commerce Committee, which has considerable jurisdiction in this field, could move more deliberately under a man like Sen. Cotton than it has under Sen. Magnuson. Sen. Cotton might not fall in line behind consumer legislation with the zest the Administration would like.

#### New Householders?

To achieve control of the House, Republicans would need to win 32 seats, which is a formidable challenge in view of their gain of only five seats when President Nixon was carrying the nation in 1968.

"I don't think there is a very good likelihood the Republicans will win the House," says political analyst Richard Scammon, who heads the private, nonprofit Elections Research Bureau and is a former director of the government's Census Bureau.

But, he adds, local issues and personalities will be important factors in both House and Senate races, despite Democratic insistence that the war and the economy are paramount issues.

In fact, Mr. Scammon says, "the war will probably be the least important issue in many places. Who's in favor of the war? Everybody is on the same side on this one. It's all fuzzed up. It's not a fight over 'bomb Hanoi' or 'withdraw yesterday.'"

Any speculation over the outcome of the Congressional races must take into account the off-year tradition that the "out" party gains seats, as well as "historic voting patterns and political loyalties," Mr. Scammon says.

While Republicans do stand a good chance of taking some Senate seats, he says, "there will also be some going the other way."

He interprets the political mood of the nation as more of "a trend toward social order" and adds:

"You see this in attitudes toward campus unrest, drugs, crime, racial issues and concern that people would rather stay on welfare than work."

END



## The Race in One State

Tennessee: A political medley with a background of country music

Stretching 430 miles from the Mississippi to the Appalachians, Tennessee is a big state that looms large in the 1970 political strategies of Republicans hoping to win control of the U. S. Senate and Democrats fighting to keep it.

The campaign in the Volunteer State is, in many ways, a composite of the 35 Senate contests across the nation. It involves practically all of today's political crosscurrents—the Viet Nam War, the economy, dissident youth, civil rights and President Nixon's problems with Congress.

An added factor is bitter feeling between incumbent Democratic Sen. Albert Gore, seeking a fourth term, and the Nixon Administration.

The white-haired, outspoken Senator has been a harsh critic of the President's Viet Nam policies and a leader in the continuing fight against the antiballistic missile system. He also has repeatedly charged the Administration with lagging on economic and social issues.

The President, Vice President Agnew and other G. O. P. leaders would be particularly happy to see a Republican in the seat of the senior Senator from Tennessee, and there has been little question that they would lend hefty assistance to a campaign to oust him, assuming his party renominated him.

Sen. Gore, 62, faced Democratic primary opposition from Hudley Crockett, 37, of Nashville, former press secretary to Gov. Buford Ellington and prior to that news director of a television station.

But the November election obviously has carried more weight in the Senator's mind than the August primary.

"It's going to be a tough fight," he concedes. Then he adds: "I'm going to win."

On the Republican side, a contest

for the nomination produced two widely disparate candidates:

- Rep. William E. Brock III, 39, of Chattanooga, now in his fourth term in the House. His family owns the Brock Candy Co., and has extensive other business interests; he holds a degree in commerce from Washington and Lee University and is running with strong backing from G. O. P. organization leaders in the state and the Administration.

- Tex Ritter, 64, one-time hero of Western movies who is still active as a singer and publisher of country and Western music. He uses the "Nashville Sound" as an integral part of his campaign.

For a firsthand look at the nationally significant Senate campaign in Tennessee, NATION'S BUSINESS editors Vernon Louviere and Robert T. Gray traveled throughout the state as candidates hunted votes.

Sen. Gore was on a swing into eastern Tennessee, an area of tiny communities set amidst spectacular, unspoiled mountain scenery. It is a region where convictions are deeply held and strongly Republican.

Mr. Crockett, new in the primary race, was busy setting up a state-wide campaign organization. But he was finding time to attack Sen. Gore via statements, speeches and newspaper, radio and television interviews.

Rep. Brock was in middle Tennessee, traditionally a Democratic stronghold, where he tries doubly hard to woo the voter.

Mr. Ritter, who started life as Woodward Maurice Ritter, was working the courthouse squares across the state, his country-and-Western band making toes tap and hands clap. When he decided to run, he tells the voters in the slow drawl of his native Texas, some doubters "said we needed an astute politician for the job. Well, the astute politicians have almost



High on the G. O. P. to-be-beaten list, Sen. Gore is a veteran campaigner who appears to enjoy the rigors of a political contest. He served 14 years in the House and is seeking his fourth Senate term.





*Doing what comes naturally, Tex Ritter takes his country music to the voters at the crossroads of rural Tennessee. He's new to politics but an old hand at pleasing crowds.*



*Congressman Brock launched his campaign early, to give Tennessee voters a chance to know him better. He claims Sen. Gore has lost touch with the people after too many years in Washington. If elected, he says, he'll maintain close ties with the state so he'll know its problems.*



Sen. Gore greets voters following services at Rogersville's First Presbyterian Church. Senate duties have made weekend campaigning a must for him.

*A later starter in the Tennessee primary, Democrat Hudley Crockett is campaigning extensively via TV. As a former television newsman, he is completely at ease before the cameras.*



PHOTO: DAN MCDONN—BLACK STAR

## The Race in One State *continued*

ruined this country and maybe it's time for a change."

### Gore: Into the lion's den

Sen. Gore takes a low-keyed approach as he travels through Republican country, stressing bipartisanship and describing his record as one of service to all the people of the state regardless of politics.

He is received with hospitality and respectful attention in an area where political rallies are still well-mannered.

Usually, they are held in high school cafeterias, with punch and cookies served from tables decorated with red, white and blue flowers. The rallies open with the "Pledge of Allegiance." High school choral groups,

girls in white dresses and boys with close-cropped hair, sing songs like "America the Beautiful" and "God Bless America."

The Senator knows a Democrat faces rough going getting votes here. In 1968, the G. O. P. candidate for Congress from the district won by a vote of 100,712 to 17,441. Johnson County, which claims the title of "most Republican county in the nation," backs it up with a registration of 5,500 Republicans and 450 Democrats.

At Mountain City, Mrs. Eugene McDade recalls that when she married a Democrat early in the century, some of her friends stopped speaking to her. "People looked down on Demo-

crats then the way they look down on hippies today," she says.

(The Republican sentiment goes back to pre-Civil War days, when there was strong abolitionist feeling among the area's small farmers, who did not own slaves. The political tradition has been preserved over the generations by a strong conservative outlook.)

Rep. Brock has hit hard at Sen. Gore's anti-Viet Nam War stance. The war is a major campaign issue. So is criticism that Sen. Gore, a member of the Senate Foreign Relations Committee, thinks mostly in global terms and has lost touch with the people of Tennessee.

The Senator doesn't acknowledge





this criticism directly, but in his speeches he frequently reminds the audience of "my many trips back home to Tennessee. I average 40 visits a year."

He tells a rally at Sneedville: "The best way to do this job is to stay in close communication with the people and seek the guidance of God Almighty."

His position on the war "will cost me some votes," he acknowledges. But he doesn't stress foreign affairs too much. He places his campaign emphasis on economic issues.

He cites his successful sponsorship of an amendment to the Tax Reform Act of 1969 that will raise personal exemption for each dependent from

\$600 to \$750 over three years and he calls for a "second round of tax reform," including an increase in the exemption to \$1,250 by 1972.

He also proposes a full employment plan, with the government hiring workers who can't find jobs elsewhere; a 6 per cent ceiling on interest rates; further increases in Social Security benefits and consumer legislation.

In Washington, Sen. Gore has a reputation for being precise and almost professorial in his speeches. At home, he is still precise, but he is more homey and relaxed as he talks of his days milking cows and pitching hay as a farmhand and of when he was a teacher in a one-

room schoolhouse. "My populist views identify with the people here rather easily," he claims as he speaks his way across the hollows and hills of the mountain country.

#### **Crockett: A late start**

Hudley Crockett's entry into the Democratic primary race was late, and he was regarded as a weak contender.

Nevertheless, in the first 10 days of his campaign he managed to cover 40 of the state's 95 counties and put together a workable campaign organization. Undaunted by the Senator's long service, he tells supporters at a kickoff rally:

"It's not how long a man has



## The Race in One State *continued*

served but how well he has served that counts. He has to come home and be reviewed by the people."

Mr. Crockett, who has taken an active interest in industrial development in Tennessee, says he decided to run principally to help steer the state Democratic Party away from the left and to dislodge Sen. Gore. He charges the Senator has failed utterly to represent the thinking of most Tennesseans.

### **Brock: No me-tooism**

Rep. Brock pictures the differences between himself and the man he hopes to succeed in the Senate as being sharp indeed:

"Sen. Gore and I disagree on practically every issue."

In Democratic middle Tennessee, he claims to be encouraged by the fact that a straw vote at a plant which is 100 per cent unionized gave him a two-to-one edge over the Senator.

"Organized labor is pouring money into the state to help Gore but I am not going to write off the labor vote," he says. "In Tennessee, labor is not a controlled vote. I carried labor in my district in each of my three re-election campaigns."

Rep. Brock enjoys the personal contact of stumping but he is relying heavily on television to get his philosophy across to the greatest number of voters.

Hoopla is out of character for him in a state where it has a certain ap-

peal. But that does not appear to be a handicap. Voters seem to like his direct, unassuming approach, his articulate recitation of campaign issues.

He isn't always mild.

Of Sen. Gore's refusal to back President Nixon on Cambodia, he has this to say as he launches his primary campaign in western Tennessee:

"I just wonder what kind of gall it takes for a man in public office representing this Volunteer State to turn his back on our fighting men."

A few days later he hardens this line with: "Gore is irresponsible and a complete misrepresentation of the people of Tennessee."

Mr. Brock contends his views coincide with those of most of the voters. They "want to end the war but only

PHOTO: DAB MCCOY—BLAZE STAFF





PHOTOS: DAN WOODY—BLACK STAR



*Old folks who like their politics in person and not on TV turn out in the Tennessee sun to get close-up looks at candidates in action.*



*Women supporters gather around in a school gymnasium to shake hands with young candidate Brock, who is trying hard to overcome the well-known image of his opponent, veteran Sen. Gore.*

*Campaigning at the courthouses is in the finest tradition of American politics. Tex Ritter is making the most of it in his bid for a seat in the U. S. Senate.*





*Democrat or Republican? You can't tell from this lady's face as she listens to Tennessee-style campaign oratory.*

## The Race in One State *continued*

along the historic lines of ending it with honor," he says.

He adds: "Gore almost seems to want to see the President stumble so he can justify his own position on Southeast Asia. It is tragic."

Rep. Brock's popularity at the White House (he is one of a handful of young Republicans Mr. Nixon has singled out for personal recognition) is certain to improve his image as a comer in G. O. P. circles. The President is almost certain to hit the political trail this fall and Tennessee is at the top of the list of states he would visit.

The voting records of the Senator and Rep. Brock on matters involving government spending would give the electorate a clear-cut choice, assuming each won his respective primary race.

"Tennesseans have an opportunity to play a key role in changing the ultraliberal nature of the U. S. Senate," Congressman Brock says in his home town, Chattanooga. "The Senate has become a haven for big spenders and champions of ultraliberal causes."

Throughout the state he misses few opportunities to emphasize his role as an economic conservative while jabbing at Sen. Gore's voting record on spending.

The Congressman's dim view of campus upheaval draws enthusiastic applause.

Before a receptive group of Rotarians in Union City, he says: "Perhaps we've been too tolerant with these spoiled brats. Too many parents have substituted an open checkbook for love. I don't think we need to apologize for our country and I'm tired of doing it."

Rep. Brock quite clearly believes he can defeat Sen. Gore on basically the same issues which tumbled veteran Sen. Ralph Yarborough in last spring's Democratic primary in Texas—Sen. Gore's opposition to the Nixon war policies, his votes against Judge Clement F. Haynsworth and Judge G. Harrold Carswell for the Supreme Court, and his dedication to heavy government spending.

In Dyersburg, Rep. Brock charges that "special interest groups" in the Senate were responsible for the President's Haynsworth and Carswell defeats, adding:

"It's too bad that Sen. Gore placed the interest of these groups above the interest of Tennesseans and the South."

### **Ritter: The "Bandwagon"**

The focal point of Tex Ritter's campaign is the Ritter "Bandwagon,"

a chartered bus that carries not only the candidate and his family from town to town but also the country-and-Western musicians and singers who perform at every stop.

As the bus rolls to a halt, young men leap off and start setting up microphones, amplifiers and instruments.

Once ready, and without introduction, they swing into Tex's theme song, "Gentle on My Mind." Then Jolly Joe Green, "the world champion fiddle player of 1968 and 1969," is introduced for a couple of numbers. Charlie Walker of "The Grand Ole Opry" plays his current hit songs—"Let's Go Fishing Boys, the Girls Are Biting" and "Pick Me Up on Your Way Down."

Mr. Ritter recalls his boyhood in Texas, his change of allegiance from the Democrats to the Republicans. "The Democratic Party of today isn't the Democratic Party of your fathers and grandfathers," he tells audiences in the heavily Democratic sections of west Tennessee. "It's been taken over by the Eastern liberals and the minority bloc groups."

Tex is a firm supporter of U. S. policies in Viet Nam, where he has twice gone to entertain troops, and a stern critic of such self-proclaimed revolutionaries as Jerry Rubin and Abbie Hoffman.

"They want to destroy your country and your home, your churches and even the institution of marriage," he comments.

But there is more than his guitar and voice behind his candidacy. Mr. Ritter is a college graduate with a degree in political science and studied law for two years before deciding to make show business a full-time career.

He sees himself as a middle-of-the-road candidate between "the very liberal left and the extreme right."

"To win in Tennessee, a Republican has to draw Democratic and independent votes," Tex says. "The people supporting me think I can defeat Sen. Gore and they don't think Rep. Brock can. It's as simple as that."

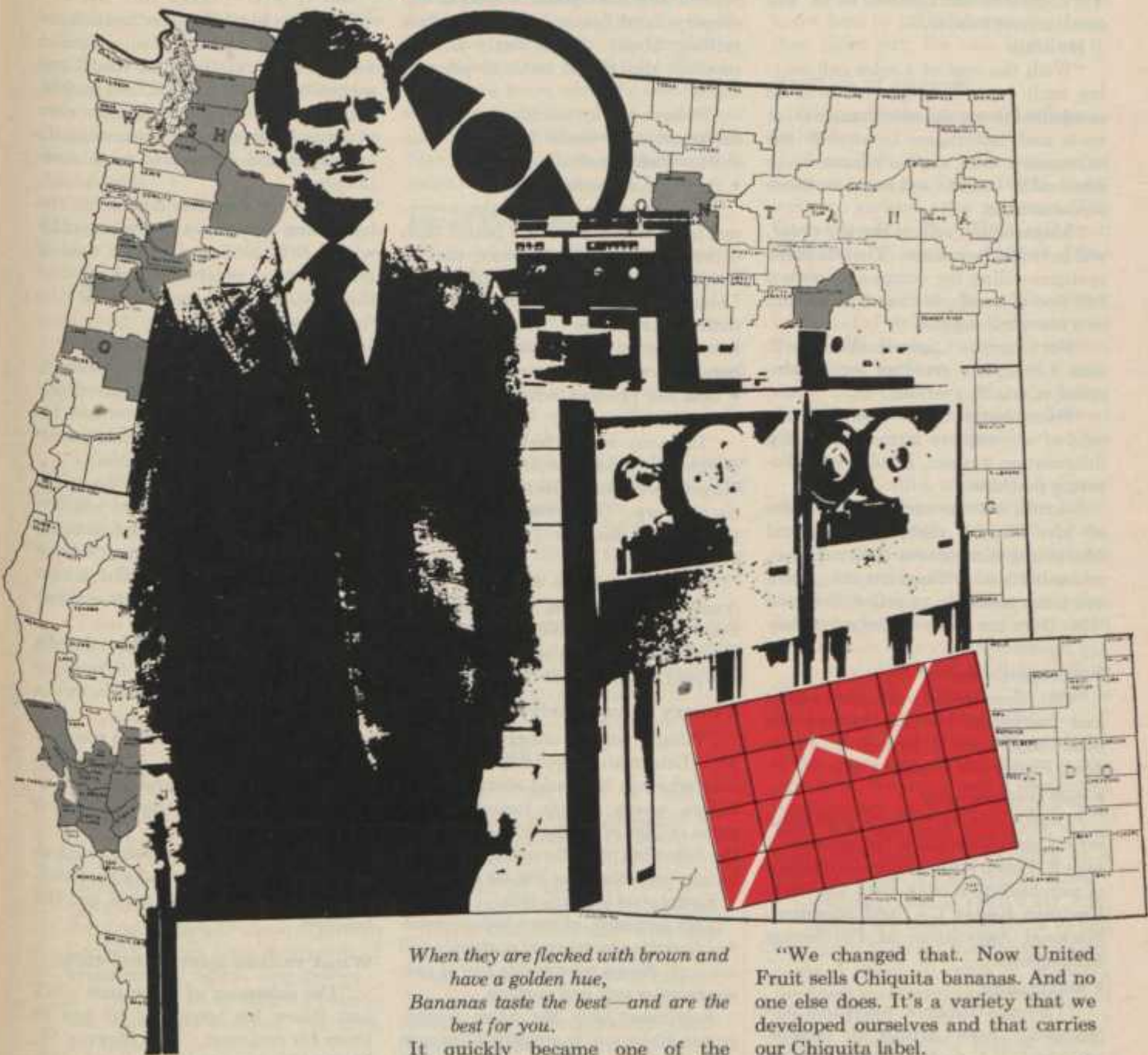
Each of the other candidates, of course, is making his own victory claims. Obviously, all can't be right.

END



# Birth of a Salesman

The day of the personality boy with the funny story is past, say top marketing experts; it will take more brains and knowledge to sell in the '70s



Remember Chiquita Banana?

Chiquita was the star of an animated cartoon commercial. She was a sexy banana, dressed like a Latin American senorita, and she sang a jingle that went like this:

*I'm Chiquita Banana and I've come to say  
Bananas have to ripen in a certain way.*

*When they are flecked with brown and  
have a golden hue,  
Bananas taste the best—and are the  
best for you.*

It quickly became one of the nation's best-known commercials. But it had one serious defect.

"United Fruit Co. paid for the ad," says John M. Fox, the company's president and board chairman. "But it was an institutional ad for a common commodity. It plugged bananas—period. It sold our competitors' bananas, as well as our own. It was holding an umbrella over the entire industry."

"There was no Chiquita banana to sell.

"We changed that. Now United Fruit sells Chiquita bananas. And no one else does. It's a variety that we developed ourselves and that carries our Chiquita label."

"We took one of the most perishable of all commodities—a common food—and changed it into a brand item."

United Fruit's banana sales, it might be pointed out, have grown. The results show up in the company's earnings. In 1964, it earned 26 cents a share. In 1969, it earned \$3.38.

Sales executives often cite United Fruit's imaginative use of a once underexploited property as an ex-



## Birth of a Salesman *continued*

ample of what it's going to take to sell successfully in the '70s.

Harry R. White, executive director of the Sales Executives Club of New York, declares the test will be to "sell smarter, not harder."

He adds:

"With the cost of a sales call soaring each year, management will be compelled to use the most imaginative tools and techniques to stretch the salesman's time, enable him to make more calls—and to sell more on those he does make.

"Megaselling, selling the big order, will get added emphasis. That includes systems-selling for companies with a full line of products that can be sold as a complete service.

"For example, Carborundum Corp. sells a complete grinding service, instead of grinding wheels.

"Dictaphone Corp. now stresses sale of a complete automated office information system, instead of a dictating machine."

NATION'S BUSINESS asked members of Mr. White's club, of Sales and Marketing Executives-International, and other authorities what they feel a company must do to sell well in the '70s. Here are some of the rules they lay down:

- Sell creatively.

"Old, time-tested solutions to sales and marketing are not always the best," says John C. Emery Jr., president, Emery Air Freight Corp.

- Sell professionally.

"Once, there were a lot of glad-hand artists and storytellers, but no more," says E. Philip Kron, assistant director of purchasing, Kodak Park Division, Eastman Kodak Co., and president, National Association of Purchasing Management.

- Sell quality.

"The customer's attitude has changed," says Arthur S. Jacobs, president, V.C.A. New York, a Valve Corp. of America subsidiary. "Today his attitude is: 'I want the best.'"

- Sell service.

"I can recall when auto dealers would phone you to ask if you'd like a demonstration ride in the new model," says Don Spiro, president, Oppenheimer Management Corp. "If they still did, they wouldn't have to worry about Toyota."

- Sell with knowledge.

"Today, the marketer must know his product," says Richard O. Baily, business machines group vice president, Burroughs Corp. "If he represents a new laser product used in eye surgery, he'd better know what he's talking about. Particularly if the product also glazes teeth to prevent decay.

"Believe me, an ex-chocolate cookie salesman can't make that kind of a shift without study."

- Sell with showmanship.

"Everyone has a handshake; everyone has a smile. Some are better than others, but two blocks away, they're usually forgotten," says Elmer G. Leterman, board chairman, The Leterman-Gortz Corp. "You've got to know how to make yourself remembered—favorably."

- Sell the product with the help of the package.

"In many stores today, there are almost no sales people," says Max Hugel, president, Brother International Corp. "The product has to be made to sell itself."

- Sell abroad.

"Foreign markets will become increasingly important for U. S. business," says W. W. Walker, president, Bill Walker & Associates, Inc. "They will play a larger profit role in the '70s."

### Theory of creativity

"What's selling creatively?" asks Mr. Leterman, reputedly the only man who has ever sold more than \$1 billion worth of life insurance. He gives as "one of my favorite examples" the following pitch for selling a second-hand pencil that has lost its eraser.

*Forget your laundry bills!*

*This pretested, chrome-yellow, hard-finish writing instrument positively will not leak. Keeps your hands free of ink, your clothes safe and spotless.*

*Fabricated from the finest second-growth hickory, it is graphite-filled with fine-grained, jet-black carbon which cannot snag or catch on any paper surface.*

*Removal of eraser guarantees pencil to be 100 per cent latex free.*

*It writes in any weather. It's unnecessary to refill it and it can be discarded when finished.*

*Fits any standard sharpener, and has no unsightly pocket clip.*

*Write for FREE photograph today!*

"Selling creatively," says this top

salesman, "means selling your product positively and putting its good points in the best light."

### Farewell, fellow-well-met

There's a big difference "in the kind of selling and the kind of salesman we used to see and the kind who'll sell successfully in the '70s," says Mr. Jacobs, whose firm is a leading maker of aerosol valves, cover caps, women's compacts and decorative metal containers.

"The '50s saw the demise of the hail-fellow-well-met type, who got by with a little skill and a great deal of personality. I noticed, as we entered the '60s, the disappearance of the funny story.

"Today's salesman must have a much wider knowledge of his product, a much better grasp of engineering—where engineering problems are involved. Plus a better knowledge of his customer's markets and needs.

"Today's buyer expects the salesman to come fully equipped—knowing how to serve him to the fullest.

"When the customer says, 'I have a problem; can you help me?' the man who outengineers the competition walks away with the sale."

An example of this, Mr. Jacobs says, is the approach of his company's valve division to spray starch, now a big-selling item.

"At first, the main problem was how to get it to spray evenly. After you let the can stand, the starch tended to clog the little orifice through which it sprays.

"Every valve-maker took a crack at solving the problem—and struck out. But we solved it. And we'll get the business."

### What makes customers tick

"The salesman of the future can't just 'know his territory,' he has to know his customer," says Murray W. McBride, vice president, Lund, McCutcheon, McBride, Inc.

Emery Air Freight's John Emery concurs.

"We make our salesmen focus on the customer's wants or needs," he says, "rather than on the product, which in our case is service. We have a handy tool that makes them do so.

"It's what we call a needs card.

"After he makes a call, every salesman has to fill one out. He has to jot



down on it what he has learned about the customer's three basic needs or wants: Transportation, organizational and personal."

Here, Mr. Emery says, is how a needs card might look, after the sales call:

**TRANSPORTATION:** 1. Fast pickup and delivery; 2. Direct service, only one agency handling his freight; 3. Information on shipment, so he can keep track of it from door to door; 4. Dependable.

**ORGANIZATIONAL:** He must help all plants meet their production plans.

**PERSONAL:** To do his job well.

"That last means that he wants to look good," Mr. Emery says.

"Once our salesman knows his prospect's real needs or wants, we can tailor our service, and his sales talk, to them. Or to the most important of them.

"Often, the one all-important need may not be obvious.

"For example, making himself look good is important to any executive, even though he may never admit it openly. If we can help him look good, we have a powerful sales tool.

"Then we urge our salesman to get the prospect to take 'observable action.'

"Too many of our sales calls used

to wind up with the prospect saying: 'I'll keep you in mind,' or some other vague generality. Now, before he leaves, our salesman tries to get the prospect to translate his intentions into action. Like calling his traffic manager and saying: 'In the future, use Emery Air Freight to Chicago, and let me know what the results are.'

"Once, only 2 or 3 per cent of our calls ended with observable action. Now, with the new emphasis on it, more than 20 per cent do."

### Broad horizons abroad

"American business firms can no longer neglect the market overseas," Mr. Jacobs warns.

"The day for that kind of provincialism has passed. Our company is in Japan, England, Mexico, Italy and other countries in joint ventures or as licensees. And we're still looking for opportunities abroad.

"There are a billion people overseas who need things we can supply. The market's unlimited."

Adds Mr. Hugel: "U. S. manufacturers should look at foreign markets and design their products to sell there.

"For example, clothing.

"The Japanese would be very willing to buy our tailoring and fashion know-how. If U. S. manufacturers made the same effort to sell in Japan

as they do here, they'd sell the Japanese."

Selling—or distribution—is the big challenge of the '70s, these executives say. U. S. industry has the plant and know-how to make almost anything, they point out; the task is selling it.

### Profiles of success

What will the successful salesman be like?

"I see him more and more as an account manager," says Ted H. Caldwell Jr., general sales manager, The Dow Chemical Co. "He'll call upon specialists to service various client needs."

"He'll have to be a practicing behavioral scientist," comments Charles W. Parker Jr., vice president, marketing services and public relations, Allis-Chalmers Manufacturing Co. "He must be sophisticated about the desires and motivations of his consumer."

Gary S. Cutini, assistant vice president, marketing services, Life Insurance Co. of Georgia, echoes that view.

"The '70s salesman must become more knowledgeable in human behavior," he says. "I recommend that salesmen interested in moving ahead take human behavior courses."

To meet the sales challenge of the '70s, says Mr. Emery, "we need a hard core of selling professionals.

"I mean men who are paid top dollar for their contribution to the company. We don't care if they make more money than the manager they work for. We need top-notch salesmen, who look on their work as a lifetime career, not a stepping-stone."

Comments United Fruit's Mr. Fox: "Selling is a broad subject. I've had two quite different marketing experiences. I spent 10 years in probably the finest marketing organization that exists—IBM. There, selling is a highly professional, highly personalized thing.

"This is direct selling, where you deal with the final purchaser. Computer salesman have to be believable. They have to win the buyer's confidence. To do so, they must know a lot more about their products—and how to use them to solve his problems—than he does.

"That factor is constant.

"Indirect consumer selling, which I do now, is going through a lot of

## How Not to Sell

Want to kill a sale?

Here are some sure ways to do it, says E. Philip Kron, president of the National Association of Purchasing Management. Mr. Kron, assistant director of purchasing of the Kodak Park Division, Eastman Kodak Co., has seen thousands of salesmen during his long career.

"The kind of salesmen I hate to see walk in the door," he says, are these:

1. The man who asserts, "We're buying a lot of your products. You ought to buy from us."

2. Or the salesman who says: "I'm selling some of your competitors. You ought to be buying from me."

3. The salesman who doesn't give good service—who promises delivery by a certain date, and doesn't make that deadline.

4. The procrastinator, or "clam," who doesn't give the customer information requested, or takes forever to do it.

5. The gabby guy who calls simply to socialize or shoot the bull.

"The best salesman who ever called on me," Mr. Kron reports, "was a man from General Electric. He was dependable, he knew his product, he understood our problems—and he was always willing and able to help solve them.

"U. S. firms spend almost 50 per cent of their sales dollar to buy goods, equipment and services. Purchasing people are looking for value and quality.

"Purchasing should be a profit-producing function. It is, at this company. Every dollar saved in purchasing equals a lot of dollars in sales."



## Birth of a Salesman *continued*

changes brought on principally by changes in the media we deal with."

### Showmanship goes on

Before you can be believable, you have to be remembered, Mr. Leterman stresses. Author of "The Sale Begins When the Customer Says 'No,'" and other best-selling books on selling, his forte is showmanship.

"My first job," he says, "was at age 11, selling programs at a horse show in Charlottesville, Va., my home town.

"I was a flop. After the first show, I had more programs left over than I had sold.

"My boss warned me, 'Elmer, if you're going to work for me, you'll have to hustle up a storm.'

"I took him literally.

"At the next show, I was a human whirlwind. I ran up and down the stands as fast as my short legs would carry me, shouting my wares at the top of my voice.

"Everybody noticed me. Some of them laughed. But a lot of them bought programs. I ended the year as

the most successful program salesman in the history of Albemarle County horse shows.

"I've never stopped hustling up a storm—or attracting attention."

Oppenheimer Management Co. President Spiro has a story that illustrates the kind of selling—and salesman—industry will need in the '70s.

"I was taking a trip to California, and I needed a camera. So I walked into a store and asked if they had a 35-millimeter camera that would take slides.

"Yes, we have some," the salesman replied. "They run from \$35 to \$135. They're on display over there. Take a look at them."

"I walked out without further ado.

"I went to a second store and asked the same question. But this time I thought I'd give the salesman a little more to go on.

"So I added: 'Can you tell me the difference between the Kodak and the Yashica?'

"The salesman said: 'One's made in the United States, the other in Japan.'

"I didn't buy a camera there, either.

At the third store I walked into, I repeated my story about needing a camera and what kind I wanted. But this salesman was different.

"What do you want to do with it?" he asked.

"Take snapshots on a pleasure trip to California," I replied.

"How much do you know about a camera?" he said.

"Nothing," I replied.

"How would you like a camera that you simply point and press a button?" he asked.

"That was exactly what I wanted—and I walked out of the store with it.

"There was the kind of man we have to have to sell in the '70s. He sells smarter." **END**

**REPRINTS** of "Birth of a Salesman" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

## Don't Sell the Buyer Short

A professor who has studied the consumer for years gives him high marks for intelligence

Some of America's foremost sales experts suggest in a companion article in this issue of NATION'S BUSINESS that the successful salesman of the '70s will have to "sell smarter."

A Columbia University marketing scholar who has spent almost a decade delving into consumer behavior suggests that the salesman's target is apt to be pretty smart, too.

Dr. John A. Howard, 54, has developed a framework for a new mar-

keting technology which he believes will be significant to management.

"There isn't any question that you can find tons of facts about specific buyer reactions to specific marketing techniques," he says. "But the trick is to look at the buyer as a whole. More importantly, it is to come up with some standard, simplified form of digesting the knowledge you have about the buyer so that management can communicate with itself.

"If the marketing manager can't get his message over to the chairman of the board about what makes a buyer behave the way he does, all this knowledge is wasted."

Dr. Howard's studies, which began with a Ford Foundation grant, have been highlighted by publication of a book, "The Theory of Buying Behavior," and more recently by a three-year study of buyer reaction to specific products—an instant breakfast, a new soap in Argentina and a new car.

He says the specific products surveys, which were financed by the companies that make the products in-

volved, filled in chinks in his buyer behavior ideas, adding to their value.

"I think you have to come to the conclusion," says Prof. Howard, "that the buyer is a busy person who wants to buy as sensibly as possible.

"But remember, the buyer is not a computer. There is a limit to the information about products that he can assemble and absorb. When he goes to buy, he may have about 15 brands from which to choose. The buyer has in his mind a fixed set of four or five of these brands that he actually will consider. Out of these, he'll take the best three and the final choice will be determined on a number of factors, including price."

### The buyer's brain bank

Prof. Howard and a team of eight Ph.D. candidates questioned 1,100 families in the three product surveys. Another 1,100 families also figured in his conclusions about the buyer in general.

The studies zeroed in on the consumer's information intake.

"We found," Prof. Howard says,



"that the buyer is unconsciously a very rational person, who uses a lot more information in a more effective way than anyone thought.

"The average buyer isn't really aware he is using that information.

"In a way, the buyer is like a sponge, absorbing an inordinate amount of facts and opinion about products from all sorts of sources. And storing them away in his own brain bank."

At a given point, Prof. Howard believes, every consumer has a "tune-out" point about information.

"There comes a time when any additional information is just automatically discarded," he says. "There are a variety of reasons. A simple example would be the person who has just bought a new television set. He automatically isn't interested in information about this product and tunes out."

A key part of buyer behavior is based on the buyer's confidence in his own judgment, Prof. Howard says.

"A buyer establishes this confidence over a long time," he says. "And each has his own way of doing it. A housewife who over the years has made it a habit to pinch tomatoes for firmness has built up in her mind a reliance on this way of judging tomatoes."

### Intellectual bias

It is a fact, declares Prof. Howard, that the buyer wants information. He is psychologically uncomfortable without it.

"And most of the criticism from government these days has been focused on information, advertising in particular.

"In my opinion, a good many in government seem to have a set of biases about advertising and, frankly, these biases are more evident among so-called 'intellectuals.'

"They say advertising is bad because it exerts undue power in a democratic society and warps the public's taste.

"I do not go along with this. I believe consumers have developed ways of handling information and are pretty efficient in ruling out the irrelevant.

"This may be the real key.

"The consumer certainly wants information and he wants better information. But it had better be relevant. Companies are going to have to make it relevant."

Word-of-mouth information from neighbors, relatives and friends is of tremendous importance to all buyers, Prof. Howard found.

And when it comes to purchasing a major item such as an auto, a washing machine, or an expensive stereo, buyers—particularly if they're highly educated—are apt to seek out information systematically. The publication *Consumer Reports* was given great weight among people Prof. Howard and his team surveyed.

Prof. Howard believes his studies show that people have their own good reasons for buying and are increasingly intelligent in their purchases.

"It's a bad mistake," he says, "to assume that the buyer retains in his or her memory only the good points about a product or brand to which she has been exposed. The buyer stores away just as much adverse knowledge."

### Willing to take a chance

Buying habits, he believes, show a repetitive pattern—but this is not necessarily detrimental to new products. There's a willingness inherent in every buyer to experiment, though how much he experiments depends to a great degree upon the amount of information he has picked up about a product or a brand.

"Buying is really problem solving," says Prof. Howard. "In some in-

stances, such as purchasing an automobile, the buyer already knows a lot about the product class and the merits claimed for the brands within it. His decision is mostly concerned with price, brand, size. That's 'limited problem' solving.

"But with a new class of product, something like an instant breakfast, he has to learn its advantages and disadvantages, its cost-value relationship and the merits of competing brands within the product class. This is 'intensive problem' solving."

Prof. Howard says that factors in a buyer's behavior include his environment, whether he is married and has a family, what he feels about prices as related to quality, what someone tells him about a product, and what is advertised.

As for brands, when he actually makes a purchase, he has run through his own check list of reasons for accepting some to consider and others to discard.

### Building a model

Prof. Howard suggests that management use the computer and mathematics to build a model of buyer behavior showing factors including the amount of information to which the buyer is exposed, the interrelationships of that information, and the buyer's media habits, motive for buying, perceptual basis, general attitude, choice criteria and confidence in his choice.

He believes such behavior models, based on minute survey details, eventually will produce a standardized, easily used market technology.

Management, he says, will have to determine what facts to collect (much fewer, he suspects, than are now believed necessary), how to collect them, how to store them, how to analyze them and how to interpret and present them.

"I don't contend the conclusions I have reached about buyer behavior are more than a framework," Prof. Howard says. "You could spend a lifetime on the subject.

"Above all, you must look at the buyer as a human being. I believe that in the future you may have to use more imaginative ways of presenting information to him. For after all, as times get more complex, so does his life."

END

PHOTO: WERNER WOLFF—BLACK STAN



Prof. John A. Howard makes a point in his classroom at Columbia.



## Finland's Formula for Deflating Inflation

The Finns asked—and received—cooperation from labor unions and business in a struggle to stabilize prices, says a prominent economist



*Chancellor Klaus Waris of the Helsinki School of Economics helped lead the successful battle against inflation in Finland.*

**HELSINKI**—How do you fight persistent inflation? What are the roles of business and labor in the battle? What about government fiscal policy?

These and other important questions are answered in the following interview by a *NATION'S BUSINESS* editor with Dr. Klaus Waris, a top authority on causes and effects of inflation.

Dr. Waris, chancellor of the Helsinki School of Economics, served for long periods as governor of the Bank of Finland and Finnish representative to the International Monetary Fund. He is being mentioned prominently as a possibility for Finland's presidency.

Inflation in Finland, which averaged 5 per cent for years and reached an 8.4 per cent rate in 1968, apparent-

ly has been tamed. It was kept to 2.4 per cent last year. Meantime, the Finnish mark, four years ago a weak currency, is now one of the world's strongest.

Dr. Waris was a central figure in both achievements.

**Dr. Waris, Finland has had great trouble with inflation. Do you have advice from your wealth of experience on how to fight it?**

Inflation depends on many factors, but there are common features, common causes. In most countries cost inflation is the main problem. Japan and Sweden experienced rapid increases in productivity which offset their inflation. If a country can increase productivity by 4 or 5 per cent a year, that is a great weapon to fight inflation.

This means you have to invest quite a lot in production facilities and must marry increasing wages with heavy investment in industry.

**What is your feeling on wage and price controls?**

There are situations where controls are needed but right now, in my opinion, they are not the proper way out of the U. S. problem.

**You are for a freer money policy?**

Yes, definitely. I feel that experiences prove you can't go on with a stop-and-go monetary policy. It's not really a solution. I don't believe in controls because you are dealing with phenomena and the more you control the more likely you will get the explosions which often follow controls.



**Are there substitutes for wage or price controls that would apply in the United States?**

I'm a believer in fiscal policy. If you have a surplus, or if you change the impact of the national budget so that you leave more operational possibilities for credit policy, you are on a right path. If the credit policy has to be tight in order to correct a too-expansive fiscal policy, which normally is not very productive, you are on a wrong path.

**Do you have any comment on labor unions' role in an inflationary period?**

The role is most important. When we devalued the Finmark in 1967, trade unions had to be convinced a restrictive wage policy was necessary. We became successful in coping with inflationary problems. We were able to increase our exports and get a pretty good equilibrium in our foreign trade, and also gradually to get a nice expansion in the national economy. Last year, the expansion was, in real terms, about 8 per cent.

**How did you convince the trade unions to cooperate?**

They were facing two alternatives: either a restrictive wage policy or a continuous wage and price spiral with much unrest on the labor market. The labor movement was represented in the government; it had, simultaneously, a political responsibility and a responsibility to labor.

We don't always have the cooperation of the trade unions. Frequently, after a period of labor moderation you get a period of nonmoderation.

**What sort of cooperation did you get from businessmen during the attempt to slow down inflation?**

The employers were very cooperative in attaining our moderate policy. Actually, the policy was determined largely by parties outside the government. The government adopted the lines put out jointly by employers and by employee organizations, which also demanded discipline in fiscal policies of the government. It was not an easy thing to swallow for politicians, who were used to acting independently.

I feel almost everybody is happy about the results, now.

Europe traditionally has been a high-interest area, the United States a low-interest country. Now, U. S. rates are higher than Finland's. Do you think interest rates should go down?

We obviously are living in an era in which people are used to certain increases in prices—normally, 2 to 3 per cent, or even 4 per cent; 5 per cent is too much. But 3 per cent annual inflation means the 3 per cent interest rate is equivalent to zero for the money holder. He should get 7 or 8 per cent interest. I feel the world will have rather high interest rates for quite a long time.

**In a period of 3 per cent inflation, a 7 per cent interest rate would really be the equivalent of 4 per cent on your money?**

That's right. So that's why I think 7 or 8 per cent is not too much at this time.

**Is there any way to tie interest rates in with inflation?**

We tried that in Finland. We called it "index tied accounts."

Interest rates are a weapon of the monetary authorities. If you make everything automatic, you exclude the impact of those authorities. And ultimately, there is no policy. If the people get the feeling that they are not really governed by any administration, but just by index rates, that's really bad.

**Could you briefly describe index tied accounts?**

Well, there was a basic interest rate of 3 per cent. Then there was the percentage of inflation shown by the cost of living index. If the ordinary interest rate was 3 per cent and the cost of living index went up 6 per cent during the year, you'd automatically get 9 per cent interest on your 12-month bank accounts. On long-term bonds, too. Similarly, the borrower from a bank had to pay a bank interest rate plus the "index compensation," which together could make as much as 12 per cent per year.

This assured further inflation. Not everybody agrees with me, but the great majority does after about 15 years' experience. We abandoned index tied accounts in 1968.

**What were the origins of Finnish inflation?**

The major origin was very rapid wage increases which were not matched by productivity.

**Dr. Waris, could you describe Finland's stabilization program, how it was received, and what it has accomplished?**

It started with a devaluation in October, 1967. We were compelled to devalue by persistent imbalance in our foreign trade.

The percentage by which we devalued was about 24, instead of 14 as in the United Kingdom and in some other countries. This, of course, meant additional income would go to export industries. Two thirds of Finnish exports consist of bulk commodities—for instance, pulp and paper—which sell at world market prices.

In order to prevent an inflationary impact of sudden windfall profits, a bill establishing an export levy was passed. The yield of this export levy, which totaled 650 million Finmarks—about \$150 million—was deposited with our central bank and frozen for a while. Gradually, it is being used for major industrial investments and for public utilities.

This frozen amount also meant that there was a sudden restriction on the money market. The government was in a clear surplus with the central bank.

Correspondingly, exchange reserves rose from less than \$100 million to about \$250 million, which was quite necessary to convince Finns and foreigners that the devaluation was a success.

We were eager to adjust import prices rapidly to the increased level in order to check import demand. After this was done, we started serious stabilization talks with trade unions and the government, and this resulted in an agreement that wages should not be increased by more than the increase in the productivity of the industries.

Actually, agreed-upon increases were about 4 per cent. In spite of some additional wage drift, wage developments and price increases in Finland since 1968 have been the most moderate in Europe.

One further element—possibly one



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## Finland's Formula for Deflating Inflation

continued

of those dangerous elements in the long run—was the freeze in prices. Some essential prices were put under government control, and are controlled still.

I would say achievements have been very positive. All parties concerned—even the retail people—recognize the benefits of the stabilization policy. And there is a quite common desire to continue it one way or another.

Also, the fiscal policy was connected with this stabilization policy. There was a limit on the increase of government expenditures and this has been adhered to. Of course some social benefits—more money for education and so on—have been postponed. But you can't get everything at once.

The last element was a certain reorganization of the money market as index linkages were dropped. It couldn't be done overnight, but new bond issues and new deposits in the banks promptly were removed from index linkage.

On the other side, the banks agreed that they should take long-term deposits, of up to 24 months, with high interest rates. So now the maximum for 24-month deposits is 6 per cent; for 12 months, it's 5 per cent, and it's 4 per cent for short-term deposits.

Some of the stabilization agreements are being terminated this year.

Finland has devalued three times since 1948, more than any other advanced Western country. Do you foresee a United States devaluation?

No. The world must have an international currency and the dollar is it. We peg the Finmark to the dollar. I can't see how countries in Europe or elsewhere could avoid devaluing their own currency immediately after a devaluation of the dollar. Practically all countries, except possibly Germany and Switzerland, would do so.

And therefore, devaluation would have no effect so far as the dollar is concerned.

Furthermore, I feel the gold price question is settled. The two-tier system is working well and I think this will remain true for the foreseeable future. I can't tell about, say, the '80s, but I don't expect any trouble

for this decade. I really think this century is the last one in which gold will play a major monetary role. In the beginning of the third millennium, we won't mine gold as a monetary metal any more.

You Finns don't like to talk about this, but you are sitting next to the Soviet Union. Economically, what's it like?

We have passed the most difficult period, which was after World War II. We had to pay war reparations to Russia which amounted to nearly half a billion dollars. But we were successful in adapting our engineering and metalworking industry to the reparation deliveries and later to commercial demand.

We developed trade between Finland and the Soviet Union. We are exporting icebreakers, pulp and paper industry machinery, cables and even consumer goods to the Soviets. From them we get quite a lot of our raw materials, plus some investment goods. For example, a metallurgical plant in northern Finland is equipped with a Soviet blast furnace.

In the '60s, we still had problems with the structural change in our economy that required reparations. We had to shift many people from agriculture to industries. This movement is still going on. But on the other side, a very rapid increase in the labor population is now slowing down. So we don't face much unemployment now—it's about 2½ per cent.

We are already in a happier situation than a few years ago. This certainly adds to the satisfaction of the population.

Would you say that Finland is as much of a private enterprise nation as ever?

Yes. We have only about 17 per cent of production and 11 per cent of the labor force in government-owned enterprises. In 52 years of independence not a single enterprise has been socialized here. In two cases the government has bought shares on a voluntary basis from private shareholders who have not been successful. But there has been no forced nationalization. The government has tried to help with state guaranties and loans in cases where companies were in need of major credits. **END**





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# White Collar Workers: What They're Paid Now

A survey reported exclusively here gives average figures on salaries—and on job turnover rates

Bill Smith, 24, is a senior computer operator in the office of a California pharmaceutical firm.

He's not a programmer. He simply oversees the loading of the machine and manipulation of its controls.

He makes \$8,268 a year, a figure that puts him at the head of the white collar workers. He's more lushly paid than the boss's private secretary, whose salary was once the highest among the office employees.

Bill is a statistical composite of all computer operators of his degree of skill in the Western United States. They make more than senior computer operators elsewhere in the U. S.

Average pay nationwide for these skilled office employees is \$7,592 yearly, Administrative Management Society reports.

Their pay has increased nearly 7 per cent in the last year. The private secretary's has gone up a little less than 5 per cent.

These figures, from AMS's twenty-fourth annual white collar salary survey, underscore the revolution the computer has worked in the office.

Instead of wiping out office jobs, a prediction once freely made, the computer has elevated those who serve it to the highest rank in the white collar hierarchy.

The average weekly salary for all clerical and stenographic work at business firms in this country is now \$105. That's an increase of \$5 weekly over the average in last year's AMS survey.

"But that figure, a 5 per cent increase only, is somewhat misleading," an AMS spokesman says.

"This year's 1969-'70 survey includes a slightly different mix. Using

the same yardstick as last year, the gain would be more like 7 or 8 per cent—one of the steepest year-to-year climbs in a long time."

The annual AMS survey is based on reports from more than 6,700 companies in the United States and Canada, which have more than 530,000 clerical and data processing employees on their payrolls.

Salary data is reported for 17 types of white collar jobs AMS considers most common to all types and sizes of companies.

The survey is published at this time exclusively in *NATION'S BUSINESS*.

Office turnover, as well as pay, is increasing, AMS finds.

For all offices, the rate was 26 per cent in 1969, up 2 per cent from 1967, the last previous year in which AMS checked it.

Large firms, those with 5,000 or more office workers, showed a decrease from 30 per cent in 1967 to 23 per cent in 1969.

Turnover varies widely from industry to industry, AMS reports. Transportation had the lowest rate, 14 per cent. Retail sales distribution was highest with 35 per cent.

Reported turnover rates for other industries last year were:

	Per cent
Advertising . . . . .	29
Banking . . . . .	33
Construction—pulp and paper . . . . .	25
Education . . . . .	22
Government . . . . .	25
Manufacturing . . . . .	20
Natural resources . . . . .	17
Public utilities . . . . .	17
Service . . . . .	28
Wholesale . . . . .	28

The AMS white collar survey is the broadest and most authoritative of its kind.

The Society cautions that judgment is required in interpreting and evaluating jobs and salaries reported in the survey and making comparisons with individual firms.

Job descriptions AMS uses, for example, are wide enough to take in a good sample of employees with like duties.

They may or may not jibe exactly with the duties of employees in your office or organization.

Other factors that must be considered are company location, availability of applicants, working conditions and fringe benefits. White collar workers usually do not move from city to city for better pay. Employers normally compete for this kind of worker only with other firms in their immediate areas.

AMS's "Office Salaries Directory for United States and Canada" (\$24.50) gives a more detailed, city by city breakdown, into quartile rates for each position. It is available from the Administrative Management Society, Willow Grove, Pa.

The salary table with this article is a summary of regional average pay scales for the 12 clerical-secretarial and five data processing positions covered in the survey.

**REPRINTS** of "White Collar Workers: What They're Paid Now" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



## INTERNATIONAL AND REGIONAL AVERAGE WEEKLY SALARIES 1970

	Total U.S.	Eastern U.S.	E. Central U.S.	W. Central U.S.	Southern U.S.	Western U.S.	Canada
Mail Clerk— File Clerk	\$ 84	\$ 87	\$ 81	\$ 79	\$ 81	\$ 92	\$ 70
General Clerk—B	93	94	90	88	90	105	79
General Clerk—A	112	114	110	106	107	119	104
Accounting Clerk—B	103	105	101	97	102	109	94
Accounting Clerk—A	127	130	126	123	126	132	118
Bookkeeping Machine Operator	99	99	96	96	93	111	78
Offset Duplicating Machine Operator	108	110	105	105	102	119	92
Telephone Switchboard Operator	97	99	98	93	92	108	77
Typist—Clerk	93	91	90	88	91	104	76
Stenographer	102	101	103	97	100	114	83
Secretary—B	117	120	116	110	112	127	95
Secretary—A	135	139	133	128	131	144	112
Key Punch Operator—B	96	96	92	92	93	109	83
Key Punch Operator—A	106	107	105	101	103	117	90
Tabulating Machine Operator	116	116	114	113	114	124	111
Computer Operator—B	125	128	125	120	120	134	108
Computer Operator—A	146	146	148	142	142	159	129

END





*Crowds queue up before the USTS exhibit at Expo '70 in Osaka, Japan.*

## Hey, World! Look Us Over!

The U. S. Travel Service is teaming up with businessmen to try to tap more of the golden foreign tourist market

Go to the desk of the Hotel Lutetia in Paris.

It's a small establishment on the Left Bank. But ask a question in English and someone will be able to answer it.

Go to the Seikai Hotel in Kyoto, ancient capital of Japan.

The Seikai is in the heart of the old city. To get to the entrance, the taxi winds through narrow alleys, lined with homes and small shops.

But at the hotel desk, the clerk speaks English. Often the bellhop does, too.

In fact, there are few foreign hotels

where an American can't make himself understood.

"That's one of the reasons why it's so easy for Americans to travel overseas," says C. Langhorne Washburn, director, United States Travel Service.

The other reasons include those enticing tours the travel agencies, airlines and steamship companies are offering.

"Spain: \$178.50," reads a headline in a Capital International Airways brochure plugging one of its group charter flights. The price includes a jet round trip, and seven days in a hotel on Spain's famed Costa del Sol.



"Our travel industry is geared to sending people out, not bringing them in," says Roger Jarman, USTS director of marketing.

"The market here is so big and rich. It's natural to look to it first."

The results, however, are disastrous for our balance of payments.

### More out than in

Last year, 5.2 million Americans took trips abroad on business or for pleasure. They spent \$4.4 billion there.

But only two million visitors came to the U. S. from overseas. They spent \$2.4 billion.

USTS hopes to cut that \$2 billion travel deficit by \$500 million this year—by helping the travel industry attract more visitors from abroad.

As federal agencies go, USTS is young—a mere 10 years of age; small—a staff of 78, with more than half overseas; and somewhat poverty-stricken.

"Last year our authorization ceiling was only \$4.7 million," Mr. Washburn says. "This year, we have high hopes that Congress will up it to \$15 million."

"The United States spends very little to woo tourists. In fact we're something like twenty-sixth among the nations of the world in the amount spent by federal tourism offices. We're even behind Ireland."

But if USTS is a little short on cash, it's long on ideas. Mr. Washburn pushes two basic concepts. One is persuading business to help bankroll more of his agency's VISIT USA activities. The other is encouraging the American travel industry to try to attract more foreign tourists.

### On the go at Expo

At Expo '70 in Osaka, 15,000 Japanese a day are viewing USTS's VISIT USA exhibit. That's capacity for the six-story, air-supported sphere in which the show is held. The main attraction is an exciting movie, projected on the circular walls, that shows some of America's most irresistible tourist lures.

The show's angels include 13 U. S. travel industry firms. Each put up at least \$20,000 to help defray expenses.

"Of course, the Japanese public was

one of our targets," Director Washburn says.

"But we also bring many Japanese travel agents to see the show. Now they'll be more aware of the attractive travel package we offer for them to sell."

"Japan is a top market for us."

"Britain sends us the most overseas tourists—281,000 last year. But Japan was third with more than 133,000. That's just a little behind Germany with 151,000. And Japan's coming up fast. Four years ago it was sixth."

When Expo '70 shuts down this fall, USTS will take its collapsible theater, nicknamed "the bag," around the world. Director Washburn hopes to send it to Mexico, Germany, the United Kingdom, France and other tourist sources.

"We want to book it into only the most prestigious, highly traveled locations—like under the Eiffel Tower in Paris," he says.

### Bargains for foreigners

The American travel industry, with USTS encouragement, offers some real bargains to visitors from overseas. For example:

For \$150, a 21-day, fly anywhere, unlimited mileage offer good on 10 regional domestic airlines.

For \$99, 30 days of unlimited travel, with stopovers anywhere, on Greyhound Lines, Continental Trailways and 100 other intercity motor coach lines.

Other U. S. airlines offer special discounts to visitors from overseas. So do railroads, car rental companies and sight-seeing bus lines.

Discover America Travel Organizations, Inc., has put together "100 perfect vacations" in the U. S. A., designed to appeal to foreign as well as American tourists. It's part of DATO's "Discover America" program.

"The travel trade abroad is cooperating, too, in selling America as a place to go," Director Washburn says.

"For example, Nyman & Schultz in Stockholm, the largest travel agency in Scandinavia and one of the largest in Europe, plugs a lot of U. S. package tours."

"They include a dude ranch in Tucson, some glorious sun-filled days in Miami, Hawaii, California—and others."

"Ten years ago, you didn't see this."

### Push and persistence

Director Washburn brings to his post a pilot's push, a press agent's persuasiveness and a fund-raiser's persistence. He's been all three—a Navy aviator in World War II, public relations director for Hiller Helicopter Corp. and director of finance for the Republican National Committee.

Getting foreigners to VISIT USA is only one of his objectives.

Making them welcome—and able to get around in their native tongue—is another.

With the help of Travelodge International they can now get travel, hotel and other information anywhere in the U. S. by making a toll-free call to a VISIT USA information desk. It's manned by linguists who speak French, German, Japanese or Spanish.

At USTS urging, 112 American hotels are now staffed with employees who are fluent in the same languages.

Eventually, at every major port of entry, USTS hopes to have multilingual Golden Girls who will greet overseas visitors, help them through customs and answer transportation, lodging and other questions.

USTS feels that the effort to increase travel to the U. S. is meeting with some success.

Last year, our overseas tourist trade was up 11 per cent. So far this year it's up 27 per cent over 1969.

"We hope to boost it further by working on the international convention market," Mr. Washburn says. "We're getting only 6 to 7 per cent of this business now."

DATO, whose members include 800 private travel industry firms, says USTS "is doing a remarkably good job with limited tools."

Adds DATO President Sam N. Mercer: "Given increased appropriations, USTS will have a marked impact in attracting many more overseas visitors to discover America." END



# How the White House Got Its New Management Tools

Two new offices have now been set up within the White House to help the President manage the almost unmanageable federal government.

Hopes are high that the Office of Management and Budget (OMB) and the Domestic Council (DC) will give President Nixon and subsequent Chief Executives invaluable assistance in setting priorities and policy, and in policing the progress of government agencies as they carry out projects and programs.

The offices spring straight from American business structures. And it took a group of hard-headed businessmen working with talented civil servants to outline requirements for them and to set down the articles under which they are operating.

Roy L. Ash, president of Litton Industries, chaired the commission which recommended setting up OMB and DC. President Nixon, who did some of the original thinking himself on reorganization at the White House, accepted the commission's findings and appointed George P. Shultz, who had been Secretary of Labor, as director of OMB and Presidential aide John D. Ehrlichman as director of DC, effective July 1.

"We did what we had to do," Mr. Ash told NATION'S BUSINESS in an exclusive interview in his Litton office in Beverly Hills, Calif.

"A year ago President Nixon called our commission into being because he knew, as did many a preceding President, that there was a need for a strong organization right in the White House which could advise him on priorities and policies for federal programs and for another organization which could evaluate for him existing programs and projects and detect why they were lagging or when they were getting off the track.

"The federal government has become just that large and just that complex.

"OMB is the results-oriented group which evaluates. DC is the policy-oriented group. They take their

places alongside the National Security Council and the Council of Economic Advisers as parts of the Presidential institutional staff.

"Actually, there's nothing terribly new about this type of group. Many large and successful American companies have counterpart organizations. Right here in Litton we have one headquarters group of specialized personnel which works with our operating executives in continually identifying and tracking problem areas, and another group which leads in synthesizing policy formulation.

"Counterparts of OMB and DC are often called 'corporate policy staffs' in private industry.

"Some government Cabinet Departments have similar evaluation

organizations—principally the Department of Defense.

"We expect both offices to help President Nixon and we know that the relationship between them, between Mr. Shultz and Mr. Ehrlichman, and between these two new offices and existing governmental offices is the key to improvement."

## Inside story

Since Mr. Nixon first met with the Ash commission at San Clemente, Calif., in August, 1969, commission members have learned a great deal about the intricacies of government, and its weaknesses and strengths.

Very early, they observed what they call "the appropriations mentality" among government workers—

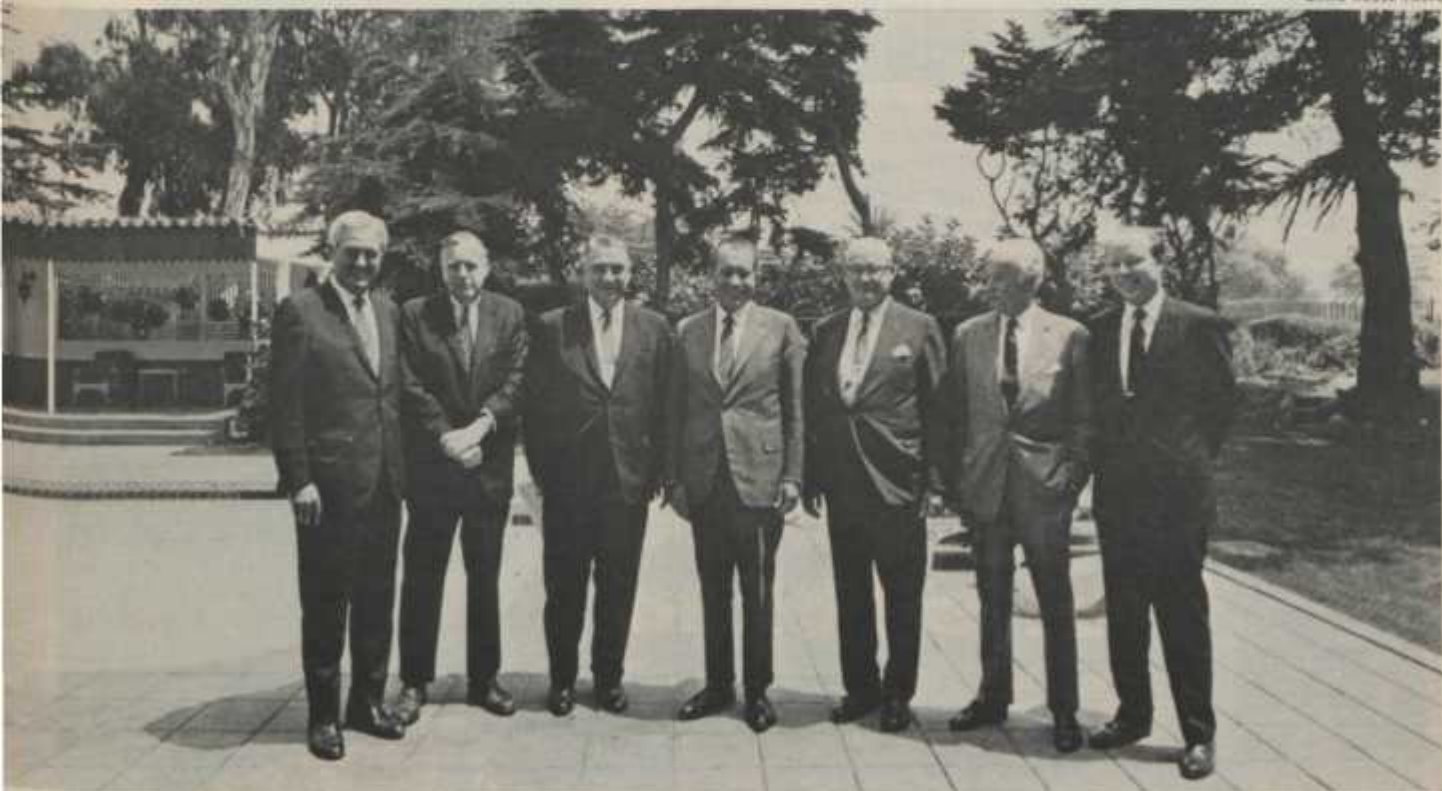


*Roy L. Ash has been president of Litton Industries, Inc., since 1961. His business experience includes affiliation with Hughes Aircraft Co. and the Bank of America.*



## An interview with businessman Roy L. Ash, whose commission blueprinted two Presidential offices which could change the course of government

WHITE HOUSE PHOTO



*The President and his Advisory Council on Executive Reorganization. Left to right: Former Texas Gov. John B. Connally; retired Harvard business school dean George P. Baker; Richard M. Paget of Cresap, McCormick and Paget, management consultants; President Nixon; AT&T Executive Committee Chairman Frederick R. Kappel; Walter N. Thayer, president of Whitney Communications Corp.; and Mr. Ash.*

one that assumes that the more money appropriated for a project, the more beneficial the results.

"This just isn't so," Mr. Ash said. "We expect OMB to evaluate funded programs and reach decisions based on results, not money spent. For example, an OMB evaluation of a federal program aimed at raising the proficiency of student groups will not be predicated on whether \$50 million or \$30 million was appropriated, but on whether the actual, measured level of proficiency has indeed been raised.

"At the same time OMB would work with government people responsible for educational programs to make sure they have the benefit of the same evaluation.

"OMB would not take on the role

of a policing outfit—not in the sanctioning sense. It does not have the authority to sanction, dismiss or penalize. It would only evaluate and advise."

Over the years Administrations have put billions of dollars into pipelines to carry out projects, but in many cases limited results were achieved.

"Was the pipeline blocked, or did it have so many holes in it that nothing ever came out the other end?" asked Mr. Ash. He said OMB will help answer such questions.

### Staffs of experts

OMB is expected eventually to have about 100 experts working under Mr. Shultz, in addition to the present

Bureau of the Budget staff.

Mr. Ehrlichman's DC will have about 50 people who have expertise on domestic policy matters. On the Council are all Cabinet officers except the Secretaries of State and Defense, and topmost members of the President's personal staff such as Robert Finch, Daniel Patrick Moynihan and Bryce Harlow. Mr. Shultz also will be a member.

Mr. Ash explained that it is too much to expect each government Department or agency always to have the "whole government perspective and approach." Each, he said, "should be a strong advocate of its own projects, programs and points of view.

"That's fine. But the commission found that what was needed were of-



## How the White House Got Its New Management Tools *continued*



*Mr. Ash felt White House offices with the "whole perspective" of government were needed.*

ices in the White House which did have the whole government perspective and approach. DC and OMB will have this perspective. DC will be able to set priorities and policy with the whole government in mind. And once the programs are launched, OMB will evaluate progress and results."

DC is expected to relieve the increasingly time-consuming situation in which practically every major government executive wants to be allowed to advocate his position directly to the President before government-wide consideration.

"It would be great if everyone could report directly to the President on each issue and if he had the time to handle all of that," Mr. Ash said. "But when everyone tries to report directly to him, the President can only do one of these things. For lack of time, he can abrogate authority. This, President Nixon wanted to avoid. Or he can centralize, that is take more duties into his own office and have a larger and larger personal staff. President Nixon wanted to avoid this also.

"Now, with DC and OMB, we feel and hope the President has been given the tools to delegate authority and responsibilities within a consistent set of policies."

One feeling stated by some in government who were interviewed by the commission was that the Bureau of the Budget—now part of OMB—might have been too powerful. Before OMB, the President would have to

ask the Bureau for the answer to such questions as to whether he could afford to fund a program for a supersonic transport plane.

### **Wearing two hats**

The Ash commission, officially known as the President's Advisory Council on Executive Reorganization, quickly learned that neither the Budget Bureau nor any other government office could properly evaluate 1,019 federal programs parceled out among 57 Departments and agencies, and do their regular work at the same time.

Much was at stake—the smooth running of the government as well as the proper use of \$100 billion yearly, for that was what the programs were costing.

Administrations once had smaller federal structures to contend with, but practically since the birth of the country there has been an often-enunciated need to give Presidents more help in setting priorities, determining policy and watching over results.

It's been a losing fight.

As money and talent were poured into good causes, only to produce little or no worthwhile results, it was obvious that much of the trouble was caused by inadequate evaluation at the White House.

Andrew Jackson publicly fumed over this. Grover Cleveland was aghast at how little expert evaluation he could lay hands on. Before Woodrow Wilson became President he taught Princeton students that the White House needed a means to appraise how the job of governing was getting done.

In 1921, under Warren G. Harding, the Bureau of the Budget was set up within the Treasury Department to help chart money flow and equate this with federal programs.

Franklin D. Roosevelt gave the Bureau separate status in 1939 in hopes it could better watch the federal cashbox. More recently, the Hoover Commission tried to establish evaluation machinery to keep tabs on progress of federal programs.

In going into records and studying history Mr. Ash's group learned that President Roosevelt intended setting up an organization roughly similar to OMB, but that World War II sidetracked the plan. "So, what the

President has now done has roots in history," Mr. Ash said.

### **Changing styles**

He said his group expects that these new White House offices will be permanent, but that "subsequent Presidents will rearrange them to fit the particular style of government they employ. The offices are flexible. They were arranged that way because you cannot legislate executive style.

"Look at the National Security Council. It's been in existence for many years and every President has used it differently."

As for Congress, he said. "We do not believe for one moment that its role or power is in any way retarded by OMB or DC. Some people on Capitol Hill have expressed some concern, but we do not share this.

"As a matter of fact, when Woodrow Wilson was at Princeton he observed that Congress was in a much more influential position than the Executive branch of government, not because the Constitution allowed it, but because Congress was better organized.

"What is going on now is an improvement in organization of the Executive branch, but certainly not at the expense of Capitol Hill. Because you strengthen one does not necessarily mean you weaken the other."

The Ash commission, its job now nearly finished, goes out of existence in September after a year's work. It will leave behind built-in machinery for OMB to encourage each federal Department to have within itself an evaluation capability, so the White House won't have to do all the evaluating.

And it will leave with OMB the mandate to maintain as a permanent, continuing function the various kinds of work the commission has done on a one-time basis. The pace of change and the necessity to adapt to it require constant attention to proper organization, according to Mr. Ash.

Also to be left behind are several hundreds of thousands of dollars of the original appropriation for the commission. It did such an economic piece of work that it did not need all the money appropriated.

And that's an auspicious—and most unusual—start for reorganization at the White House. **END**





Official UPI-Compix photograph taken after hurricane Camille.

# Who says Dixisteel Builders build better?

"My Dixisteel warehouse weathered hurricane Camille—that's one reason my new warehouse is a Dixisteel job, too."

Robert Mandal, Coast Wholesale Supply, Long Beach, Mississippi

"Camille destroyed buildings on all sides of me. But the steel structural damage to my Dixisteel building was minimal.

"Now I'm expanding my operation, and you can bet that Dixisteel is building the addition."

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**LOW INITIAL COST:** Dixisteel pre-engineered components can save up to 20% of total building costs compared to other construction methods.

**EXPANDABILITY:** Dixisteel buildings are designed to grow with your business. Just remove panels and add new sections as needed. Everything is pre-engineered so everything fits—and saves you money.

**LASTING BEAUTY:** Choose from a complete range of compatible colors, use them singly or in combination, add unique masonry accents. Handsome silicone polyester finish (or Korad® A finish) weathers any climate. You can forget maintenance for years.

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# The Dreams That Never Fade



Can you see Dwight D. Eisenhower as a greasy railroad engineer, high-balling down the tracks at the controls of a great locomotive?

Or Hubert Humphrey as a baseball manager, dashing out of the Minnesota Twins dugout to fight with an umpire?

Or J. Edgar Hoover preaching in a pulpit?

Those three images are make-believe, of course. But they are genuine cases of what might have been if boyhood aspirations had been fulfilled.

Ike dreamed of playing Casey Jones but became a soldier, then President. Mr. Humphrey longed for the diamond, but made his hits in politics. The director of the FBI, in a rare revelation, confides: "The ministry appealed to me greatly as a career when I was a boy. However, circumstances were such that I was unable to attend a theological seminary."

Nearly every one of us has tucked away in our memory an ambition cherished when we were young. But circumstances often shape our lives differently. Still, our early dreams never quite disappear.

"What was your boyhood ambition?" this writer recently asked many prominent people in government, business and other fields for *NATION'S BUSINESS*. A surprising

number say their early goals were a far cry from their final destination.

Senate Majority Leader Mike Mansfield confesses with nostalgia what he calls "one of Washington's best kept secrets"—his teen-age aspiration to be a forester.

"In Montana," he says, "the forests reach out from high mountains to the places of people. Their endless depths beckon with a promise of peace and purpose."

"As a youth I heard the call but did not respond to it, as I thought to do."

"Instead, I find myself in the thickets of government in Washington. Yet I still cherish a sense of longing for what might have been."

Anybody who ever saw or heard Everett Dirksen of Illinois, the late Senate minority leader, will not be surprised that one of his long-ago ambitions was to be an actor. Shortly before he died last September, he wrote me: "I became enamored of the theater and thought I should pursue the stage as a career. But I got a taste

of public office and that settled that. Over the past few years, though, I've had a chance to satisfy in part my old stage yearnings. I've made some recordings and television presentations which, after all, are a part of show business."

Secretary of Commerce Maurice H. Stans had a different ambition.

"In my home town of Shakopee, Minn.," he recalls, "every boy's dream was to play big league baseball. But I was the puny kid who could never make my grade school team, so I became the manager."

"In one game we had a 10-run lead, so I named myself a pinch hitter in the ninth inning and hit a fly over the first baseman's head. While it was being fumbled, I made third base."

"Since I was also the official scorer, it is recorded as a three-base hit. I am probably the only Shakopee player who ended the season with a 1.000 batting average."

"My bookkeeping teacher urged me to become an accountant and I did. I suppose I made the right choice. Today I must confess that curve balls always gave me a little trouble."

A little trouble and curve balls thrown by fate influenced the careers of other Cabinet members.

Secretary of the Interior Walter J. Hickel, as a teen-ager, set out from his native Kansas for Australia. But he got only as far as Alaska because he wasn't old enough to be granted a visa.

Stranded in Anchorage with 37

*JACK HARRISON POLLACK, author of this article, is a former U. S. Senate committee investigator and past president of the Society of Magazine Writers.*





cents in his pocket, he amassed a fortune in the construction business in his 20s, and later became Governor of Alaska.

For banker David Kennedy, now Secretary of the Treasury, the Depression was the turning point. "I was a young lawyer in 1937," he remembers, "but there were few opportunities. I had a job with the Federal Reserve Board, so I stayed right on there. It was the beginning of an interesting and varied career in banking and public service."

Some men insist they entered public service because they didn't have the talent to fulfill their youthful dreams. New York Gov. Nelson Rockefeller, who edited the *Five Live Arts* picture magazine as a Dartmouth College student, sadly recalls:

"Art and politics are like oil and water—they don't mix. I've tried painting but the results were not re-

warding. So I appreciate and enjoy the creative work of others."

Gov. Rockefeller has donated the bulk of his world-famous collection of modern, primitive and folk art to New York's Metropolitan Museum of Art and Museum of Modern Art.

Willy Brandt, Chancellor of West Germany, reveals: "I'm now doing fine as a politician. But my youthful dream was to become a ship captain." At 18 he was working in a ship broker's office before he fled Germany to escape the Gestapo.

A man who did go to sea—Comdr. Lloyd M. Bucher, skipper of the *U.S.S. Pueblo*—still nurtures his unfulfilled adolescent dream to be a poet. "I wrote some poetry when I was in Korea—free verse in the Carl Sandburg tradition," he says. "I hope to reconstruct some of it."

### Politics or pulpit

Even ministers have weighed other callings during their formative years. Dr. Norman Vincent Peale, at his Marble Collegiate Church in New York, poignantly remembers:

"On the State House grounds in Columbus is an old monument called Ohio's Jewels.

"It is a circular marble structure containing niches where statues of Grant, Sherman, Sheridan, McKinley and others stand. But there is—or at least was in my boyhood—a vacant niche.

"My fond ambition was that some day this niche would be occupied by



a statue of Norman Vincent Peale, another of Ohio's Jewels, an immortal political figure of the Buckeye State.

"I didn't exactly aim for the Presidency, but I was not unaware that in those days Ohio was known as the 'Mother of Presidents.'"

In the lives of the Presidents, the reality sometimes has far surpassed the dream.

Richard Nixon's loftiest ambition as a youth was to be a good lawyer. As a 32-year-old attorney stationed in Baltimore doing Navy contract termination work in August, 1945, Lt. Comdr. Nixon pondered whether to:

- Resume his prewar law practice in Whittier, Calif.
- Join the FBI (he had passed the exam earlier).
- Or return to his \$4,600-a-year prewar law job with the Office of Emergency Management.

When a sudden opportunity arose for him to run for Congress in November, 1946, lawyer Nixon jumped at it and won.

When Lyndon B. Johnson, then



## The Dreams That Never Fade *continued*



Senate majority leader, was sitting in a contour chair at his Johnson City, Tex., home in September, 1955, recovering from a heart attack, he mourned to a visitor:

"I'm through in politics. I couldn't be elected a dogcatcher now. I once thought I would never be anything more than a school superintendent. I'm twice as dumb as anyone else. That's why I have to work twice as hard."

### Why Truman erred

After Harry S. Truman went bankrupt in his haberdashery in Kansas City, Mo., he ran for judge and later for the U. S. Senate before going on to even higher office. Several years ago, looking back over a full life, Mr. Truman told this writer of one thing he wished he'd done:

"If I really had my life to live over again, I would study Russian. When

I was President, those fancy-pants boys in the State Department translated for me what Khrushchev said. But it was often the exact opposite of what he meant.

"Khrushchev talked in little proverbs and wisecracked a lot when he shrugged his shoulders.

"As a result of those bad translations, I made some wrong decisions as President of the United States."

Businessmen, too, reveal some of their hidden boyhood dreams. Oilman J. Paul Getty admits:

"I would have preferred a career as a traveler and writer with the hope that my writing would have supported my traveling."

Jack Valenti, president of the Motion Picture Association of America and former aide to President Lyndon Johnson, confesses:

"I always wanted to be a U. S. Congressman, and to be one while I was young, so my life could be spent in that career.

"But there were always stumbling blocks.

"First, college to finish, then the war came along, then graduate school, then the need to earn some money and then a business that needed me.

"But if I had another shot at my life, I would say to hell with waiting. I would run when I was in my 20's. Of course, I might have been defeated. But when one is in his 20's, time is casual coin. There is so much of it yet to be minted."

Other businessmen reveal that they



tempered and channelized their early dreams into business careers.

James H. Duncan, president of Science Management Corp., says:

"Were it possible to turn back the clock, I'm sure that the possibility of stubbing my toe would be much greater.

"In grade school I was fascinated by aviation. At first I wanted to be a pilot. But as I grew and matured, that interest turned to aeronautical engineering.

"Today it sometimes seems that I spend most of my life on airplanes because our business takes me to all corners of the world.

"But I really can't say that I'd want to relive my life. I'm afraid that it might not turn out as well as it has."

On the other hand, Lawrence A. Appley, board chairman of the American Management Association, says there are some things he would have done differently:

"I would not have spent 30 years as a commuter into a New York City



office or into an office in any other city. In fact, if I had to do it over again, I wouldn't have an office. An office creates most of the work that takes place in it.

"Frankly, I have two unfulfilled desires which I might yet fulfill—the writing of an uninhibited, independent weekly column and to express many of my inward feelings at a piano keyboard."

#### Some dreams come true

Some businessmen, including Henry Ford II and Edgar F. Kaiser, never wavered in their dreams to enter their family's businesses.

Howard B. Johnson, board chairman and president of the restaurant chain founded by his father, admits:

"The company and its business was the main topic of conversation at home as far back as I can remember.

"Dad was forever using the family, relatives and friends to try out new products and ideas.

"When I was seven years old, I was taking business trips with my father; at 12, I was attending company meetings. During summer vacations, I worked at a variety of company jobs, from scooping ice cream in restaurants to cutting meat in commissaries.

"My father wanted me to be head of the company some day, and I never wanted to be anything else."

The founder of Office Temporaries, Inc., one of the oldest temporary office help agencies, would be writing plays—or trying to—if he were start-



*For readers who don't recognize the noted figures pictured here as they might have been, they are, in order of appearance: J. Edgar Hoover (as a minister); Nelson Rockefeller (as an artist); Hubert Humphrey (as a baseball manager); Willy Brandt (as a ship captain); Mike Mansfield (as a forester), and Norman Vincent Peale (as a politician memorialized in a statue).*

PHOTO COMPOSITE BY BARRY BLACKMAN  
PHOTOS BY HEADS FROM WIDE WORLD AND UPI

ing over again now. "And I'm sure," adds Nathan Picker, chairman of the board of OTI, "it would be a great mistake!

"I think it turned out better the way it actually happened. Looking back across the span of a million people, office temporaries and clients I have dealt with, I believe I've gotten a lot more knowledge and understanding of human nature than if I'd plunged into writing plays first.

"Human nature is endlessly fascinating, stimulating, challenging, frus-

trating and rewarding—never boring. It's a splendid preparation for what I intend to do."

What does Mr. Picker intend to do?

"Be a playwright, of course. If I were starting now I'd begin as a playwright, but I think it will be better if I end as one some day. Then I can be my own angel."

Nearly everyone wonders sometimes whether he made the right career decision. Yet none of those interviewed was bittersweet about his unfulfilled youthful dreams. All were glad their lives had turned out as they had.

A self-made man named Abe Lincoln once said, "I do the very best I know how, and the very best I can, and I mean to keep doing so until the end. If the end brings me out right, what is said against me won't amount to anything. If the end brings me out wrong, then 10 angels swearing that I was right will make no difference."

END



# Census Data: Tailored to Suit You

A wealth of information about every market area in the United States, the results of the 1970 census, soon will begin to flow from the Census Bureau.

To share in that wealth fully and quickly, thousands of business firms—as well as government agencies and other organizations—are planning to get computer-tailored tabulations of specialized statistics.

They can do so whether or not they have computers of their own.

The Bureau of the Census has listed almost 100 unofficial but "recognized" processing centers which will obtain "summary tapes" from the Bureau and retabulate the information to meet customers' specifications. The centers are widely distributed throughout the country.

Census Bureau officials decided to recognize the centers when they realized that demand for data on computer tape and for special tabulations would be much more than the Bureau's own facilities could handle promptly.

## How counts add up

The Bureau has announced a timetable of six "counts," to indicate when certain types of information will be available. Each is a series of state-by-state reports plus a U. S. summary. For each state, the Bureau will tabulate statistics by county, city, town, metropolitan area or other political subdivision.

Each political subdivision will be divided into smaller units. A limited amount of data will be tabulated for areas as small as a city block. More information will be tabulated for enumeration districts, zones averaging about 800 people. Still more facts will be reported for census tracts in metropolitan areas, units averaging about 4,000 people.

One of the Bureau's tabulations will report thousands of statistics about population and housing in each postal ZIP area.

The first count will report about 400 statistics in all—number of individuals and families, ages, racial composition, number of homeowners and renters, value of homes and rental rates, number of homes lacking plumbing, etc.—for each enumeration district.

The second and third counts will retabulate much of the same information for geographic areas of different sizes, including a limited amount of information about population related to housing for city blocks.

Information about income, car ownership and household appliances will come in the fourth count, available to processing centers one state at a time from January to October, 1971. The smallest unit for this information will be a census tract in a metropolitan area or a township outside a metropolitan area.

Data about population and housing arranged by ZIP code is scheduled for July, 1971. Figures will be grouped by five-digit ZIP code in metropolitan areas and by three-digit ZIP code elsewhere.

The sixth count will be conducted between April, 1971, and February, 1972. It will involve cross-tabulation of detailed statistics, relating one element to another. Different racial, educational, occupational and age groups will be compared.

## What it will cost

What computer-prepared census data will cost will depend on several different factors:

- If you can use tabulations already made by the Census Bureau for established areas, such as counties, cities or metropolitan areas, it will be cheaper than if you want tabulations for special areas built up out of enumeration districts or census tracts.
- If you are content with figures for a single area, such as one city or one county, the cost will be lower than

for tabulations for several parts of the city or county.

- If you want information from several counts, such as the first and fourth, it will cost more than a tabulation of data from only one.
- An unpredictable element, especially in advance of actual tabulations, is the rate of charges by different processing centers. Each sets its own pricing scale. Advance estimates indicate a wide range—from less than \$1 up to \$10 for data about each geographic unit. High estimates are likely to come down as processing centers learn more about their actual costs, especially if a given center acquires a fairly large number of customers. But it seems advisable to get prices from several different centers.

## Where to start

Whether you are a beginner or an old hand at using data-by-computer, you should get from the Census Bureau:

- The list of recognized processing centers (Memorandum 17).
- The description of subjects and geographic areas included in each of the six counts (Memorandum 26).
- A list of census maps (Memorandum 27). There is a map for each county, city, metropolitan area and state. Most cost 50 or 75 cents.

The place to write for these free documents and other information about 1970 census data on computer tape is Data Access and Use Laboratory, Bureau of the Census, Washington, D. C. 20233.

The Census Bureau also may be able to tell you of others in your area who are planning to obtain and use census data from computers. In many instances, businesses and other organizations are pooling to reduce costs and to permit the processing centers to have computer programs ready to go as soon as the data becomes available. **END**





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NB



## THIS MONTH'S GUEST ECONOMIST

William F. Butler  
Vice President  
The Chase Manhattan Bank



## INTERNATIONAL BOOKKEEPING REALLY COUNTS

Even though you never see it, the nation's balance of international payments can have an important effect on your company. It can influence the volume of your sales, the taxes and interest rates you pay, your ability to get credit—indeed, virtually every aspect of your business.

Technically, the balance of payments is a set of bookkeeping accounts covering all transactions between people in the United States and those in all other nations.

We receive payments from other countries for exports of goods and services, income on our investments abroad and travel in this country. We pay out dollars for imports of goods, travel in other countries, income on foreign investments here, military expenditures abroad and foreign aid. All of these hundreds of millions of transactions are recorded in the balance of payments accounts.

As is true of all accounting systems, this one must always balance. If, to achieve balance, a nation has to borrow abroad or use part of its gold and foreign exchange reserves, it is said to be running a deficit. On the other side, a nation which accumulates gold and foreign exchange is said to be in surplus.

A nation in persistent deficit must, sooner or later, take corrective steps. There are limits to a deficit nation's ability to borrow abroad, and a continuing drain on gold and foreign exchange makes creditors uneasy. By the same token, surplus nations come under pressure to eliminate persistent surpluses.

It is the steps nations take to adjust their balance of payments positions

that affect individual businesses. In general, a nation runs balance of payments deficits when it indulges in inflationary policies. Its costs and prices rise more rapidly than those in other nations, so its exports become less competitive.

At the same time, booming demand pulls in imports. The remedy is to get inflation under control by fiscal and monetary policies of restraint and, in some cases, to devalue the currency.

Our situation differs in some respects from that of other nations. Because of the U. S. economy's size and strength, and because we have had less inflation than any major nation, the dollar has become the world's key currency. Most trading and investing are carried on in dollars. People around the world are willing to hold them because they pay interest and have been more stable in value than any other major currency. In fact, holders of gold have seen its purchasing power decline in the post-war period.

The United States also occupies a unique position. It has assumed a major part of the responsibility for the military security of much of the world. It provides more than 40 per cent of the total flow of capital from industrial to less developed nations. Last year overseas military expenditures (net) ran to \$3.2 billion, U. S. government grants and loans to \$4 billion and U. S. private long-term investment to \$5.6 billion. To support such activities and not lose gold, the U. S. must run a very large surplus on its other foreign transactions, or foreigners must be willing to increase their dollar holdings (which means

lending to the U. S.), or there must be some combination of these factors.

Actually, the U. S. has run balance of payments deficits in all but two of the past 20 years. The deficits added up to some \$45 billion. Of this total, \$11 billion was settled with gold, reducing the nation's gold stock to \$12 billion. The remaining \$34 billion (\$1.7 billion a year) was financed in one way or another by increased foreign holdings of dollars.

On the average, an increase of \$1.7 billion a year in foreign lending of short-term funds to the U. S., much of which goes through the highly-useful Eurodollar market, does not appear disturbing. It is less than 1½ per cent of total U. S. international transactions, which ran to more than \$120 billion last year. It is well in line with the growth in world trade, and hence in the demand for dollars to finance trade.

Nonetheless, the U. S. government must be concerned about the size of the deficit, and about the state of confidence in the dollar. If the rate of inflation speeds up, as it has during the past four years, Washington must act to control inflation in order to sustain confidence in the dollar.

Any general erosion of confidence in the dollar's integrity could have extremely unfortunate consequences. The world's financial and monetary structure rests on the dollar—the world is, in effect, on a dollar standard. Any widespread attempt to shift out of dollars into gold or other currencies could bring on a worldwide financial debacle of the 1929-'33 variety.

One lesson of economic history is



that if everyone tries to run for liquidity, no one can get liquid. This is shown by the attempts in this country to get cash at the depths of the Depression—a move that led to closing of the banks. The world is in the same situation now—any attempt to cash in the dollars held around the world would lead to the same sort of result.

No such dire developments can take place so long as the U. S. acts to maintain confidence in the dollar. That confidence is high at the moment, and should remain high for the foreseeable future.

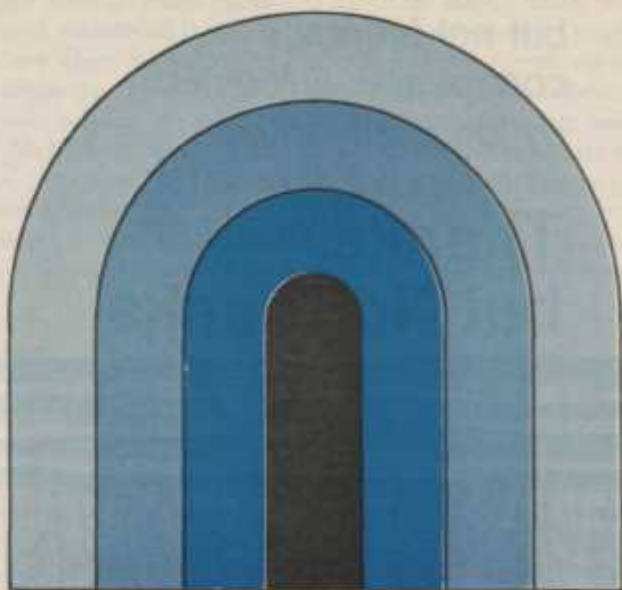
This is true despite a record deficit in the U. S. balance of payments last year. On the so-called liquidity basis, the deficit ran to \$7 billion, largest in the postwar period. As much as half of that sum represented a shift of funds from this country into Eurodollars which were brought back here.

Yet, even allowing for this, the 1969 deficit was one of the largest in recent years. That it did not shake confidence is explained by the following factors:

1. Developments during 1968 in France and Czechoslovakia convinced many people around the world that the dollar was the most secure currency and led to a surge of investment in American common stocks and bonds.
2. The various technical steps to improve the world's financial structure—the two-tier gold system and the Special Drawing Rights (paper gold)—reinforced confidence in the dollar.
3. The decline in the free market price of gold to \$35 an ounce meant that those who speculated against the dollar suffered heavy losses.
4. Most importantly, United States authorities began in mid-1968 to take steps to get inflation under control. And most observers believed that these steps would meet with success, given sufficient time.

While there are, of course, domestic reasons for concern over accelerating inflation, its effect on the balance of payments must also be considered.

Apart from strictly economic matters, America's prestige is linked to the dollar. No nation with a shabby currency, it has been said, can expect to be a world leader.



# claim to fame

A retiring president of a university has listed

two items for which he would like to be remembered.

He feels that his claim to fame should be based on two actions.

One—hiring smart people;

Two—ordering all name badges large enough to be read from three feet.

Both contributions are important. Smart people know how to get the job done. They work smarter; not harder.

Names that can be read eliminate embarrassment and are a form of recognition, a true motivator.

Your community has smart people. They are involved in the work of your chamber of commerce. They have names. Names you'll recognize.

Join them.

It'll be your claim to fame.

**Pete Progress**

Speaking for your chamber of commerce



Federal funds,  
but not federal  
control, are welcomed  
by local authorities  
who are fighting water  
**Thanks,** pollution  
**but No Thanks**

Most regional, state and local officials in the front lines of the battle against water pollution want more federal help but don't believe the fight can be won by shifting more control to Washington.

That was the basic finding of a NATION'S BUSINESS survey of chiefs of water pollution control programs throughout the country.

Executive Director Leonard J. Goodsell of the Great Lakes Commission, for example, was unequivocal: "The federal government is not capable of administering the sewage treatment plant construction program. . . . State and local efforts, without federal red tape, must dominate."

The survey was taken against the background of controversy in Congress over the best methods of administering and financing water pollution programs. Officials were asked what approach they liked best.

By a five to one margin, they rejected pending bills including those of the Nixon Administration and Sen. Edmund S. Muskie (D.-Maine), chairman of a Senate subcommittee on pollution. The bills would give the federal government far more say on the subject.

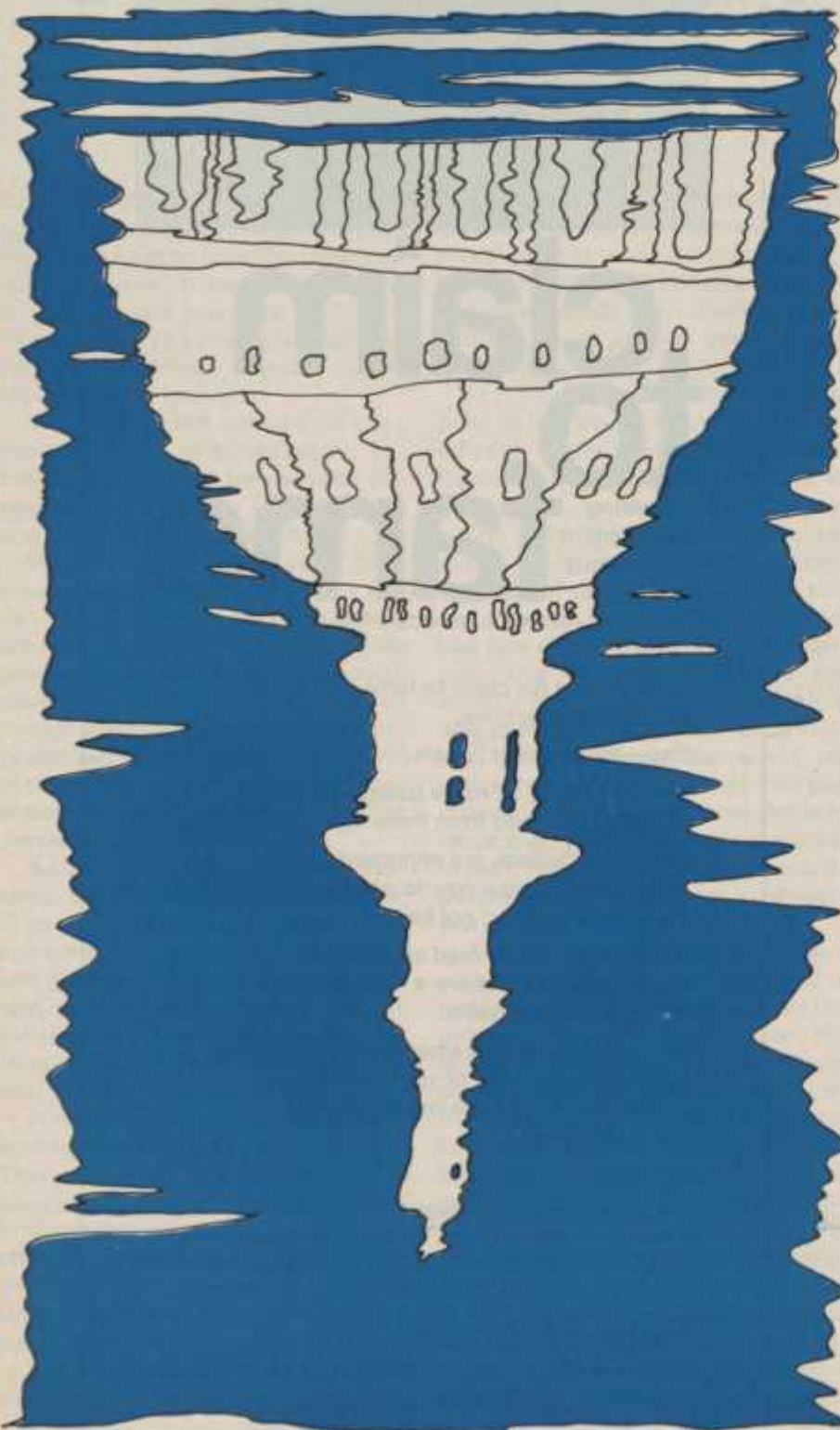
More than 80 per cent of the officials favored making the Water Quality Control Act of 1965 more effective.

The 1965 law called for states to draw up and enforce water quality standards subject to approval by the Secretary of the Interior—a procedure that has been much more complicated and controversial than anticipated, with disagreements between state and federal governments blocking approval of standards in many cases.

In Indiana, for example, the temperatures of some waters in their natural condition were as high or even higher than temperatures which Washington had specified as acceptable. Thus, the state could not meet federal temperature standards even if it banned discharge of all material into the waters in question.

Officials polled agreed generally that more adequate financing is needed. There was widespread sentiment that the federal government has reneged on its commitments.

Congress, in 1966, authorized \$1.25 billion annually through this fiscal year to implement the Water Quality Control Act. But actual appropria-





tions have only been fractions of that amount.

Now, along with a proposal for greater federal control, President Nixon has submitted legislation calling for a four-year financing plan under which the states and localities would raise a total of \$6 billion and the federal government would provide \$4 billion.

An Environmental Financing Authority would be established to help local governments market water pollution control bonds.

Sen. Muskie proposes federal spending of \$2.5 billion a year over the next five years to pay for 55 per cent of the cost of pollution control facilities. States and localities would pay the rest.

The Senator is pressing for a \$1.25 billion appropriation now to finance pollution fighting through this fiscal year, but has run into opposition from Administration backers concerned about a budget deficit.

### Congressional snarl seen

Robert A. Canham, executive secretary of the Water Pollution Control Federation, which has 39 member associations of government officials, businessmen, engineers and others, fears the fight won't be resolved in this year's Congressional session.

"It doesn't look very promising," he said in an interview.

Mr. Canham thinks "supervision of the programs should remain with the states that live with the problem from day to day," and has so told Congressional committees.

The Administration bill, he said, expresses state supervision philosophy but then sets out "new and expanded ways for the federal government to assume greater control."

However it's approached, most officials believe, contaminated water will remain an enormous problem far into the future.

In response to a poll question on the cost of a successful water pollution control program, James B. Coulter, deputy secretary of the Maryland Department of Natural Resources, said: "My goodness, the effort goes on forever and the cost is infinite."

He was among those who expressed the view that what is needed is not so much new legislation as adequate funding of existing law.

Clarence W. Klassen, technical

secretary of the Illinois State Sanitary Water Board, estimated it would cost Illinois more than \$5 billion in this decade alone to meet public demands for clean water.

Thomas C. McMahon, director of Massachusetts' Division of Water Pollution Control, said it will take from \$1.6 billion to \$2.1 billion to meet his state's goals over the next 10 years.

### Nothing doing

Melville W. Gray, Kansas director of Environmental Health Services, answered a question on his preference among pending bills in Congress this way: "I can't bring myself to prefer any."

What is needed, he said, is "effective funding of state and local programs at the working level, with strong but realistic enforcement."

Arthur E. Williamson, director of Wyoming's Division of Sanitary Engineering, endorsed the idea of improving the 1965 law, urging "more effective manpower in the field—less paper work, fewer studies and reports."

The Ohio Water Pollution Control Board's George H. Eagle also approved strengthening the 1965 law but backed President Nixon's four-year financing plan. He wrote that it "will meet the nation's waste water facilities construction needs for the next few years fairly well."

Mr. McMahon of the Massachusetts agency endorsed the Muskie bill as "the best of a poor lot." But, urging state or regional control, he commented that "the federal government should only coordinate activities at the national level."

Claiborne W. Brinck, secretary of the Montana Water Pollution Control Council, urged giving "present legislation a chance"—to see if and how effectively it works.

He was one of many officials who questioned how well the federal government could direct a program affecting every part of the country despite varying local conditions.

Mr. Brinck recommended a 50 per cent federal grant directly to localities without a requirement for state funds.

In his state, he said, "it will be difficult to enact legislation to provide state funds because the majority of our population will not be directly affected."

On the other hand, Edmund C. Garthe, assistant environmental health services commissioner for Arizona, said state appropriations would be helpful in bringing sewage treatment plants to resort and rural areas.

He had one of the most optimistic reports of all, however, on individual state money needs: "We are so close to our goals that the answer would be nearly zero."

### A break on bonds?

President Nixon's recommendation for an Environmental Financing Authority to help market local bonds drew a mixed reaction.

Ralph C. Pickard, executive director of the Kentucky Water Pollution Control Commission, endorsed the concept of "strengthening the capabilities of cities and small towns to sell bonds." And Ernest G. Gregory, director of Nevada's Division of Health, said the Authority should be a help because "bond sales have always been a problem, especially in smaller communities."

But the Water Pollution Control Federation's Mr. Canham had some questions. For one thing, he observed, the biggest cost item in small cities is the sewage collection system, which would not be eligible for financing under EFA. And, he summed up, "The matter of another bureaucratic layer in the federal grant system is not viewed with enthusiasm. In a program with a record of delay and uncertainty, a compounding of that situation would be most disappointing."

Another controversy on the best approach to controlling water pollution involves whether "effluent standards" should be established. Under pending legislation, the federal government would determine what types of materials could be put into rivers, lakes, streams and other waters—a procedure which would replace the present approach under which states set standards for the quality of the water itself.

The Water Pollution Control Federation says that "sound water quality standards and their judicious and even enforcement are adequate," and that it doesn't believe "federal setting of discharge of effluent standards is necessary." If there are to be such standards, it warns, "a veritable Pandora's box may be opened with respect to formulation, review, conferences and promulgation." END







LESSONS  
OF  
LEADERSHIP  
PART LXIII

# Neil McElroy of Procter & Gamble

## To the heights via management in depth

Neil H. McElroy is a big man who looks as if he could handle the big jobs.

He has.

As president, and now chairman of the board, of that industrial giant, Procter & Gamble; as Secretary of Defense from 1957 to 1959; and as a man who has played a key role in government studies of the nation's public schools.

Born in Berea, Ohio, the son of a schoolteacher, the six-foot-four-inch, one-time Harvard basketball center has spent his entire business career with P&G, progressing from store-to-store soap salesman to the top executive suites.

He's a product of the "management in depth" concept which his company believes is the controlling factor in its success (\$2.7 billion in annual sales) in the tremendously competitive business of consumer articles: detergents, soap and other toiletries, food and paper goods. Another product of the concept is Howard Morgens, P&G

president and chief executive officer.

As an executive, Mr. McElroy played a major role in two key decisions affecting his company: that it should operate on a "compete with yourself" basis, with executives pushing each product as if it were the only one the company made, and that it should make synthetic detergents as well as soap.

In his public career, aside from serving as Secretary of Defense, he has been tapped by two Presidents for major assignments in the field of education: by President Eisenhower to chair the first White House Conference on Education and now by President Nixon to head a commission to study school financing.

In an interview with a NATION'S BUSINESS editor at P&G's executive offices in Cincinnati, Ohio, Mr. McElroy, who is 65, talks about his careers, business and public.

*There is a story that you were so good at poker when you were at*

*Harvard that you sometimes forgot to write home for money.*

Well, the story does have some basis. My deal with my father was that when I needed money I'd write to him and ask for it. If I didn't need money, I wouldn't ask. I didn't realize he was quite as shrewd as he was—I guess a son always underestimates his father.

But during one summer he mentioned that I hadn't seemed to need as much money that spring as I'd needed before.

He wanted to know what I was doing and I told him that I was playing poker.

We were quite a close family and we weren't going to kid around. He said, "I wish you wouldn't do that," so I said, "Well, I won't." This wasn't big money poker—I didn't have big money. But you would pick up 10 bucks here and there.

*I understand you had some business*



## Lessons of Leadership: Neil McElroy *continued*

*enterprises going while you were in college.*

Well, the answer to that is, Yes. The deal was that we would arrange with the Wellesley Inn to provide the hall and the refreshments, all soft, and we would hire a band and put on a dance. The rules at that time at Wellesley were very, very strict. The girls couldn't come into town except under extremely rigid conditions. The fellows couldn't pick up the girls in the dormitory and bring them into town for a dance. They would have to be brought by a chaperon and taken home by a chaperon.

We'd charge \$5 or something for each fellow. Then we'd get a fellow with an automobile and he'd take five or six others out there and we'd charge a dollar and a half and make a little money on transportation. My roommate and I made quite a little thing out of it.

*You played basketball at Harvard. Did you participate in any other sport?*

In my freshman year I worked out

at crew, but when I found I could compete reasonably well at basketball, I dropped out. I wasn't really powerful enough for crew. I was not quite 17 and not very heavy then. I gained 40 pounds while I was in college.

*When you first went to work for P&G, in the mail room in 1925, did you plan to stay permanently?*

I really was looking for a job to carry me for about 18 months while I could put a few bucks away so I could go to the Harvard Business School. I had run out of money and my father, who was a schoolteacher, had done about as much as he should. I was the third son and he had carried the load in putting the three of us through Harvard.

I had sent in the \$10, or whatever it was, for my registration fee before my superior suggested I try a little different kind of work—selling—and do that for six months before I went back to school. I never did go back.

*So you began selling store-to-store between Dayton and Indianapolis.*

*But you weren't selling Ivory soap, then the company's main product.*

No, I was selling Camay. The company felt at the time it didn't want to contaminate the effort of our really great keystone brand in the toilet soap field, Ivory, by having the same people sell the other brand. We've changed a good deal since then.

We sell competing brands in most fields and consider this is the name of the game—the same salesman sells them. In fact, we have four or five toilet soaps now. But at that time we hadn't quite crossed as many bridges. It was horribly expensive to have just one brand to sell and it wasn't very long before the Camay selling was consolidated.

*Didn't you initiate the "compete with yourself" concept with the company's products—push each one as if it were the only one?*

There wasn't any question that I felt this was the thing to do, and I think I helped. But you know, in a company like this nobody really does anything by himself. You have a good many people who think with you.

*The future chairman of the board of Procter & Gamble (second from left, back row) played center on Cincinnati's national champion YMCA Wildcats basketball team in 1928.*







*President Eisenhower with his Secretary of Defense.*

*Most of your early career with the company was in advertising and promotion, wasn't it?*

Yes, I became vice president and director of advertising in 1946. Before that I'd served in a number of capacities, including running the advertising part of a subsidiary in England.

*And you became general manager and president in 1948?*

Yes.

*You were one of the principal proponents of P&G going into synthetic detergents and there was some disagreement over this at the time. Was this your biggest decision as an executive?*

I would say it's just about the biggest thing the company has done during my life with it. I was here and I had some influence at the time, but so did other people.

This was in 1946. We had our doubts. After all, it meant junking about \$150 million in soap-making equipment and building new deter-

gent facilities. And there was the question: Was the market there?

But we kept believing in it and we went ahead.

That heavy-duty detergent product was Tide and by 1949 it was outselling everything. It became the No. 1 packaged detergent in the U. S. and still is today. Detergent sales soon accounted for about half the company's revenues.

*Those revenues have shown a consistent gain?*

Yes, I'm happy to say. Both sales and earnings. We reached a billion in sales for the first time in 1956 and two billion in 1965.

*There was some criticism about synthetics causing foaming on lakes and streams.*

We had an answer to that one, fortunately. It did require the building of a new chemical industry. But this was done. The present detergents are biodegradable—that's the fancy term. This means when they go into streams the ordinary kinds of bacterial action

take place. I'm convinced there is no problem now.

*How would you describe P&G today?*

P&G, basically, is composed of three businesses—our household consumer products business in the U. S., our industrial-institutional business in this country, and our operations outside the United States.

I suppose I'd have to say that our household consumer products business in the U. S. is still basically in soaps and detergents. This is our principal field of interest. But for years we have had a sizable portion of interest in food products, toiletries and paper tissues. A quite new and interesting development has been Pampers, the disposable diaper.

*The company is always looking for extensions within its fields?*

Yes.

*P&G has a reputation for management in depth. Will you explain this?*

This to me is really a fallout from another company policy. We do not hire executives; we develop them, train them from within the company.

The controlling factor and the speed of the development of this business is our ability to develop management people. It isn't money—we have always been able to find money. But you can't be successful unless you have management in depth, because you have to have people coming up all the time.

Our employment of people who, we hope, will be the management of the future goes on year after year, in good times and bad. If we don't do it, X years from now we will have a gap. And we can't stand a gap.

*Then you are saying that at all times you have two or three people equally capable of assuming the responsibility of the next step up?*

That's about it.

*P&G seems to have had remarkably little labor difficulty.*

The greatest share of credit for this should go to our way of working with people. We think of Procter & Gamble as a company of individuals, working together to serve the public by producing and marketing our prod-



## Lessons of Leadership: Neil McElroy *continued*

ucts. We do not think of our people as "labor." They are all individuals.

*You have generous employee plans?*

Yes. Since 1923, P&G has guaranteed most of its regular factory employees, after a probationary period, 48 weeks of work per year, so long as the employee does his job. This guarantee operated through a deep depression, a modest depression and through a world war during which our industry had to reduce production sharply.

For over 30 years we have seen to it that the wages Procter & Gamble pays are in line with those paid by leading companies for similar types of work.

And over 95 per cent of regular Procter & Gamble employees have acquired or are acquiring stock in the company through various employee plans.

*You've accepted an assignment from President Nixon. How did this come about?*

I was at a dinner party at the White House and the President pulled me aside and said, "I'm going to ask you to do a job." That was the first thing. Then, while I was taking a little holiday, Pat Moynihan, the counselor to the President, came down to Antigua to talk about it.

*What does your commission hope to cover?*

The principal thing is to take the very large amount of money that the country puts each year into elementary and secondary education and put a statistical spotlight on how it is spent by areas. We will have the 1970 census information available before we get down to preparation of the statistical studies.

We will know whether more money is being spent per pupil in cities than is being spent in the country, for example. We will have comparisons by states, even by parts of cities. We will have a knowledge of the sources of these funds.

States provide part of the public education funds, the federal government provides some. But local financing has been the key part. This generally has involved real estate taxes, and is probably the least inflexible part of our entire tax-producing

structure. Therefore, the schools keep having real difficulty in getting approval of their financing.

As inflation hits their costs, they run up against a type of financing source which does not have the degree of flexibility of, say, a sales tax or an income tax. So all over the country you have real resistance to doing the things that I think the taxpayer really would like to do, but feels ought to be paid for from some other source of funds.

This is the kind of thing we will be concerned with. Then, we are bound to be looking at the problems of the parochial schools and other private schools.

*Will your commission make recommendations?*

I'd be amazed if we don't. We haven't any specific instructions on this, but I can't believe all we will do is make a statistical study and dump it in their laps. This would be rather futile.

*You seem to have taken a keen interest in education.*

I have had great satisfaction out of the things I have done in this field. I had two doses on the Harvard Board of Overseers and three years of that was as president. And there was the White House Conference on Education, of course.

I think, really, I have had the good fortune to have had hothouse indoctrination in the educational field. This is really the reason I am taking on this job. If this were brand new to me, I wouldn't do it at all.

*Many feel the reorganization of the Defense Department was the highlight of your tenure as Secretary. Would you agree?*

I would. I think it is the most important thing that was done while I was down there. This doesn't mean I don't think our two confrontations during that period—the one in Lebanon and the one over the offshore Chinese islands of Quemoy and Matsu—were not contributive to the maintenance of peace in the world.

In both instances, the United States was able, by taking vigorous, forthright action, to avoid any serious outbreak of hostilities. The Russians and the Communist Chinese discov-

ered here were places where the United States would not run.

By my evaluation, the Russian is a great tester of resolution. If he tests you and you run, then he will test you again and see whether you will run further. If he tests you and you don't run and he tests you again and you don't run, then he lets you alone for a bit. He thinks he has learned something.

*During your tenure, and since then, there has been the cry that the Pentagon should be run more like a business. Can it be?*

There are quite a few things you can run like a business, such as the general principles of delegation of responsibility and working with people. But the Defense Department—or any other Department in Washington—is everybody's business. And you'd better learn that pretty fast.

In a company like this I can perform a certain amount of my functions and not have to discuss them with the public. But in the Defense Department I had to be prepared to go before the press once a month or so and be catechized about what I'd been doing.

At first, I didn't like it. And then I realized that this was the job—that the public had as much right to know about many of these things, really, as I did. This wasn't true about everything—there was extreme security information I couldn't tell everybody about.

But the general policies of the Defense Department have to be put before the people at regular intervals. That is a distinct difference. You are responsible in a company to the shareholders. You have a responsibility also to the general public in such areas as pollution. But in the Defense Department you are responsible to everybody.

*You are a ranking executive and have been a ranking government official. In your view, what is the proper relationship between government and business?*

There is no question that government has to be a factor in our economy. Those who believe in the free enterprise system hope that government participation can be kept at a minimum so that a maximum of





*"I can't ask anyone to fly in a jet unless I will," said Mr. McElroy after he was nominated to be Defense Secretary. So he flew in one.*

independent decisions can be made by the business community.

I realize there has to be certain regulation. This is particularly true of business operations which are of a monopolistic character, such as the utilities, railroads and airlines, and so on, but there has to be some policing to avoid harmful practices of any kind in the business area.

On the other hand, I do feel this country has made an incredible prosperity for its people by leaving the maximum number of decisions not just to management of companies, but to individuals as individuals. And the further you restrict this the more you change the entire character of our society.

*Do you think it is a good idea for businessmen to serve in government?*

Yes, if they can do it and if they are invited to do it. I talked with David Packard [Deputy Secretary of Defense and former chairman of the board of Hewlett-Packard Co.] at his request before he took the job and I strongly urged him to do so. You go back to business with a better understanding of the way in which government and business work together.

The education of one businessman is not terribly important in the total economy, but I think a businessman

has a contribution to make. If he is competent, he starts with an understanding of a necessity of working with organization, delegating and yet keeping in touch. This is a requirement of successful business administration. You have to give people their head, but you also have to know something about what is going on. Otherwise it may get away from you.

So this is the kind of help which I think the government can get from using business types.

*You were a close personal friend of President Eisenhower. Didn't you buy some cattle from him?*

Yes. He decided to disperse his herd, and about that time I was in the process of building up a little Angus herd and I thought, sentimentally, I'd like to have some of his. Also, they were good animals, so I bought 10.

*Do you still have any?*

Yes, a half-dozen, I think.

*You didn't butcher any?*

Oh, we wouldn't butcher any!

*They still talk about your extraordinary memory around Washington. Is this a good trait for an executive?*

Oh, I don't think it's terribly important, though it helps. I'd say the

principal thing I have a memory for is people. I just kind of work at this. When I was coming along, I was pleased if somebody remembered who the hell I was, I mean somebody in a position of some importance. I made up my mind if I ever got to be a little something more, why I would see whether I couldn't do this myself with other people. But it's not the most important thing for an executive. It's a lot better not to have a memory and be able to think well.

*Then to think is the most important thing an executive can do?*

Yes, to have judgment, have a mind that works on a problem in a rational, progressive way.

*Do you ever stew over a decision?*

No, I don't worry. I figure life's just too short for that. And God's been nice enough not to make me worry. It helps in sleeping.

*You used to play the piccolo and you are a great opera buff. How else do you relax?*

I don't play the piccolo anymore, though I have great interest in music. I do some weekend relaxing on a farm we have here.

*Looking back over your career, would you have done anything differently?*

I am sure I would have done any number of things differently. But the things I look back on with some distaste are very minor and I have been blessed with a minimum of them in my life.

The decision to go to Washington, it turned out, let me in for rugged physical experience because that is a tough life, physically. But my feeling at the time was that if the price of this is a couple of years off the end of your life, so be it. And it isn't necessarily true. Maybe you live twice as long.

END

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## SHOWDOWN IN THE MARKETPLACE

Consumerism is on the march as never before. What began as a ground-swell of dissent has now become a full-scale consumer revolution.

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**CHAMBER OF COMMERCE OF THE UNITED STATES**



# If He's Hard to Get Along With, Hire Him

That pain-in-the-neck manager could be just what the doctor ordered



"We're looking for a disagreeable young man."

That's the headline on the recruiting ad of an advanced technology company.

The ad goes on to say that the person sought is one who questions what he is asked to do, who disagrees with his supervisors and co-workers—who is, in short, an individualist.

Is the advertisement an isolated incident? Or is there a rising demand for the individualist in today's business world?

According to some critics, most of the business world stifles individualism by:

- Its hierarchy and extreme specialization.
- The immense power of the "boss" over the economic survival of his subordinates and all the fear and subservience this engenders.
- Rigid rules and procedures.
- Emphasis on total commitment to the organization.
- Use of techniques or rewards—such as benefits, pension plans, seniority and manipulative supervision—to bind the individual to it.
- Excluding the individual who differs from the corporate pattern and might disrupt docile togetherness.

To say that the ranks of individuals are on the rise

DR. E. G. SHUSTER, author of this article, is group executive of the University Computing Co., McLean, Va.

in the business world is to fly in the face of an immense body of social criticism. Nevertheless, there are several signs that individualism—particularly in the managerial ranks—is enjoying a renaissance.

As a matter of fact, a managerial revolution is in the making. It will largely put an end to the organization man of today. In his place, it will usher in a new type of individualist.

He won't be a swashbuckling buccaneer, who allows neither codes nor conscience to stand in the way of his single-minded objectives. The new individualist will be one who combines personal freedom with professional managerial responsibility.

There's a basic force that's shaping the revolution. It's the fact that managers, for a host of reasons, are now able to demand what they want most—an opportunity to shape their own course of action.

As proof of management's desire to "do its own thing," there is the widespread exodus from older, large corporations to new ventures, such as the computer industry. These new industries offer executives increased responsibility, risk and equity opportunity.

## The computer's impact

What has done most to give the manager of today more individualism is automated management—use of computer information systems. They permit him to get facts much more quickly and easily. As a consequence, he can make decisions faster, and spend more time thinking and planning and less time frantically putting out fires.

Here lie some of the most exciting possibilities for management in the coming years. Once again, the individual manager will be able to get his arms around his business, like the tough-minded entrepreneurs of the past.

The manager of the future will function in an environment of computer-fed data banks with sophisticated management information systems. A model of the company system will exist inside the computer and the events occurring throughout the organization—orders, shipments, schedules, facility loading, cash inflow and outflow, resource utilization—will be fed into the central system from remote terminals.

Thus, management will know what's happening as it happens, not 30 days later.

The manager of the future will turn to a vast computer complex as easily as a lawyer turns to the library or an engineer to his slide rule. He will have access to vast records of experience when he is making a decision. He will be able to grasp new situations



# Why not as Western freedom as the East?

quickly. He will be able to ask, "What if—" and get more than seat-of-the-pants answers.

This time-freeing assistance from the computer will be the answer to one of management's great and basic problems.

The problem was summed up by Lawrence A. Appley, president of the American Management Association for 20 years (he's now board chairman), who said in an interview in *NATION'S BUSINESS*:

"There are two great sins in management today, two colossal blunders executives are making all the time.

"One, they do not think enough. Two, they do not talk enough. . . . We are so busy doing things that we do not take enough time to think of what we are trying to do.

"By the same token . . . employees don't understand instructions given by managers because the instructions are inadequate."

With more time and greater control the manager will be more of an individualist.

Mobility is another new factor that gives managers more opportunity to assert their individualism.

A study of 1,500 executives in 500 large companies—a 16-year project of Prof. Eugene E. Jennings of Michigan State University—showed that management turnover has risen fivefold since the early 1950's.



*Anti-authoritarian*



*Freedom to think*

Several factors are behind this development.

Greater affluence gives managers greater freedom. Growth of our economy creates many new opportunities and career alternatives for them.

With wider job horizons and the economic security to take advantage of them, the manager of today is much more of an individualist. He has found he can advance his career by changing jobs more often. He sees his mastering of a new job, and moving on to another, as proof of success and growing competence.

Top management is learning to understand and recognize the drive for individual self-development and self-renewal. The corporation is giving its ablest members the right to maximum choice and mobility.

More and more corporations adopt the attitude that it is better to risk occasional loss of good men than never to attract them in the first place. Or, worse, to suppress their useful itch to move with rewards they do not really seek.

However, the more internal mobility a company offers, the less may be sought outside it.

"The mobile manager," Prof. Jennings observes, "is a novel fact of corporate existence. He undergirds the entire economic structure—and is producing men like himself."

Industrial psychologists say this mobility drive is unlikely to be bottled up short of some catastrophic



## If He's Hard to Get Along With, Hire Him *continued*



depression which might revive the inhibiting fears and anxieties that still haunt so many managers who started in the 1930's.

Further assisting the rise of individualism is "contracting out"—that is, farming out activities once considered the heart of the internal operation.

Contracting out is causing a dramatic shift in the nature of the employment relationship. Increasingly, the industrial manager is becoming a contract administrator who devotes more and more of his time to supervising the work of contractors and less and less to that of his own employees.

Individualism is also strengthened by the growing demand for competent managers—a demand which well exceeds the supply. The managerial function is becoming more critical as the increasing size and complexity of our institutions place greater demands on managers.

In fact, management—not capital—is becoming the nation's most critical resource.

### Decentralizing industry

Finally, another development that fosters individualism is industrial decentralization. Corporate growth and expansion have generated pressure for decentralization, creating a sort of multifirm. Each segment becomes its own profit center, with responsibility for its own communications, evaluation, supervision and negotiation.

Under this system the manager becomes more of a creator and experimenter. He has greater influence and authority than before. His prestige is more the product of performance than of power of office.

The net result is that today's professional manager has increasing opportunity to assert and prove his own capabilities.

Now he can use the "system" to aid him in achieving

his objectives, rather than the system forcing him to play an insignificant, ill-understood part in achieving someone else's goals.

What can be done to encourage greater individualism among employees?

The typical manager most organizations seek has these characteristics:

- Strong personal goals—he knows where he wants to go.
- Abundant physical and emotional energy.
- Willingness to take risks, to be different and to take the consequences for decisions, good and bad.
- Political skills—the ability to influence and manage people.

In many organizations the real emphasis tends to be on the political skills. And this is where many individualists fall down.

Dr. Lawrence E. Hinkle Jr. of the Cornell Medical Center says, "The most ambitious, driving and able people . . . often are disliked by their associates, and sometimes they create administrative problems."

So one way to promote greater individualism in business is to stop discriminating against the hard-to-get-along-with individualist for managerial positions.

The striped tie, the Ivy League suit, the appropriate tone of voice, the right automobile, wife and home location, even the testing programs designed to exclude all but the "safe" types—these are all signs of imperfect knowledge about how to evaluate an executive.

### Effect on students

Looking ahead, the rise in individualism among managers will have a profound effect on the college student of today.

An increasing number of young people coming out of college do not want to pursue a business career. One reason given is that they want to avoid authoritarian control. They want to maintain their individuality—do their own thing.

As Lawrence Appleby said in his column, "President's Scratchpad": "The young men are not anti-business but anti-management; they have a fear of being managed, of being manipulated."

While forces are in motion to give the manager a greater chance to assert his individualism, the central challenge facing managers today is how to find ways to motivate those under them to perform and achieve.

If we can get the individual to seize the opportunities unfolding around us we will be maximizing human achievement.

The managerial or team effort has taken us to a certain performance plateau. It must be the individual who now takes us further.

END

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# How Business Can Guard Against Violence



Business increasingly has been a target of violence and threats of violence from militants advocating revolution.

Bombings, bomb threats, incendiarism and other outrages have occurred sporadically in various parts of the country.

What can a businessman do to counteract this lawlessness?

Here are some suggested guidelines prepared by the Chamber of Commerce of the United States.

They include the thinking of some of the nation's top law enforcement officers and are made in view of experience gained from actual incidents of violence.

Every business will find some of these suggestions adaptable for protecting its property and employees.

## 1. Tighten office and plant security.

Provide photo-and-name badges to employees to be worn during duty hours.

Have visitors report to a lobby desk and provide them with a personal escort to and from departments they visit.

Maintain a 24-hour guard detail. Have guards question persons observed not wearing badges and without escort.

See to it that persons questioned by guards who do not have satisfactory answers are kept under observation and that law enforcement officers are alerted.

Train guards and key personnel in recognizing bombing and incendiary devices.

Summon local authorities immediately in the event of violence or threats of violence.

Instruct employees in clearing offices and plants quickly. Hold practice drills regularly.

Give emergency fire and police numbers to guards and key personnel, and furnish home numbers of key company personnel to law officers for use in emergencies.

Where offices or plants have classified federal contracts, alert the FBI and military officials as well as local authorities.

Ask employees to report any unusual and suspicious persons, objects, or circumstances they see.

Train guards and other personnel

in handling the injured or fatalities.

Screen or bar ground-floor windows.

## 2. Improve communications with employees.

Discuss the subject of violence. Is it a solution to social ills? Should it be condoned? What are violent leftists really seeking? What do they say they are offering as improvements? What actions should be taken regarding them?

Seek advice of fire and police officials on how employees can help protect the security of offices and plants. What are the roles of employees in support of law and order?

How can an employee help insure the safety of himself and others? What should be the role of employees when a bombing occurs? How can employees aid bombing or incendiary investigations?

## 3. Coordinate action among employers.

Encourage joint meetings of business executives and community law enforcement officials. Learn how best to aid law enforcement agencies. Set up specific guidelines for cooperation during emergencies.

Exchange ideas on useful or promising security measures and information regarding detection of individuals or groups prone to violence. Review local laws regarding building security, and laws regarding purchasing of explosives. Take legal action against suspected arsonists and bombers.

## 4. Stimulate and challenge youth.

Present programs in high schools and colleges that motivate and equip youth to participate in community progress through cooperative voluntary efforts with business, labor, educational, civic, social, scientific and religious groups.

Provide initiative, guidance and material support for youth activities in educational, sports and recreational fields.

END

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*News heard in five communist countries is controlled by these Radio Free Europe boards.*

## A Voice That Pierces the Iron Curtain

You can tell how effective business-bolstered Radio Free Europe is by the amount of static it gets from communist leaders

The routine is always the same. A distinguished businessman raps on his water glass and asks for attention as the small group of guests assembled in the town's best hotel finish their luncheon desserts and coffee. All is low key, all very exclusive.

The business executive briefly introduces the men at the head table, each of whom is high in the world of corporations. Then he turns to the guest of honor, thanks him for coming and gives a resumé of his career.

After a round of discreet applause, the guest—James M. Roche, chairman of the board, General Motors Corp.—rises and says some of the best chosen words in business.

He suggests that the gentlemen assembled give thoughts to making sizable donations, not for medical research, a minority business enterprise, a church or some school, but to a fund which finances Radio Free Europe.

In the past two years Mr. Roche has put aside his considerable activities at GM for 30 such luncheons and for scores of other occasions connected with promoting the American radio which Americans never hear, but which beams the truth into communist nations in Central Europe.

"I feel the call to help RFE," Mr. Roche told a group of Baltimore businessmen. "I'm totally convinced that RFE is the way American business can perform in getting the honest word behind the Iron Curtain.

"RFE very largely is paid for by businesses and I take pleasure in helping raise the money. This is no chore for me."

This same kiss of approval, this same willing activity, has been provided in earlier years by Michael L. Haider, then chairman of Standard Oil Co. of New Jersey; Crawford H. Greenewalt, then chairman, E. I. du Pont de Nemours & Co.; Charles



H. Kellstadt, then chairman, Sears, Roebuck and Co.; Henry Ford II of the Ford Motor Co. and Gen. Lucius D. Clay of Lehman Bros.

They, and others, have served as two-year chairmen of the board of directors of Radio Free Europe Fund, Inc.

Backing them up have been 19-member boards which have included such executives as Eugene N. Beesley, chairman, Eli Lilly and Co.; John D. Harper, president, Aluminum Co. of America; Neil H. McElroy, chairman, Procter & Gamble Co.; Robert D. Murphy, chairman, Corning Glass International; William B. Murphy, president, Campbell Soup Co.; H. Gregory Thomas, president, Chanel, Inc.; and Frank Stanton, president, Columbia Broadcasting System.

Each state has a fund chairman who is at the peak of a career in the topmost ranks of business.

### Millions listen

The money these men raise pays for thousands of hours of radio broadcasting to Poland, Czechoslovakia, Hungary, Romania and Bulgaria. An estimated 31 million Central Europeans are regular listeners.

Every U. S. President since World War II has praised RFE and urged businessmen to increase their support. President Nixon says it has "my long standing and unreserved admiration."

Businessmen know a bargain when they see one and, dollar for dollar, RFE is considered the best bargain available for telling people in the communist bloc the things their own leaders refuse to tell them.

Founding father of RFE was Gen. Clay. The rugged Georgian had just returned to America after handing the Soviets a crushing psychological, political and logistical defeat during the Berlin blockade, as U. S. military governor in Germany. Without criticizing the government's Voice of America, he told friends that Uncle Sam also needed a privately financed, independent voice to get the word behind the Iron Curtain.

In New York, Gen. Clay learned that other business leaders shared his view, and RFE came into being. A relatively small amount of government money was provided, but from

the start RFE was basically financed by private donations and by business.

Its annual working funds of about \$16 million still come to it in the same way. RFE doesn't break down its sources, but it's believed that in the last two or three years the proportion contributed by business has increased.

RFE, headquartered then as now in Munich, West Germany, began operating on July 4, 1950. First broadcast through the Iron Curtain was made with a 7½ kilowatt transmitter from the back of a surplus Army truck on a lonely road outside Frankfurt.

In the years since, RFE has proven its effectiveness.

During one recent period it was attacked by name and in public seven times by Gustav Husak, Communist Party boss of Czechoslovakia.

An RFE program beamed at Hungarian youth called "Teen-Age Party" has become so popular that the communists tried to ridicule it in a film of the same name. Young Hungarians boycotted the film. Few would attend even when they were escorted, when admission prices were abolished and when they were given time off from work or school to see it.

### "Leaks" are a plug for RFE

Red government and party officials often prove RFE's effectiveness by accusing their colleagues of leaking secrets to it.

Thousands of letters a week from behind the East-West dividing line reach the famous address—Radio Free Europe, Englischer Garten 1, 8 Munich 22. Letters from Bucharest, Budapest, Sofia, Warsaw, Prague and lesser towns in Central Europe ask for information on political events which communist magazines, newspapers or radio did not tell about. They ask for the playing of favorite songs, more coverage on news stories such as the American moon landings and even for straight accounts of sports events which Eastern European teams lost.

One episode illustrates just how effective RFE can be. A Polish boxing team was fighting in Paris and a sports reporter from a Warsaw paper had trouble getting his phone calls through with a running story of re-

sults. Finally, he reached his editor in Warsaw on the phone. "Forget it," he was told. "We're getting all the coverage we need off RFE."

The network misses no bets in reaching young listeners. Recently a disc jockey called "Chiriac," who was famous in Romania, came to Munich and asked for a job with RFE. He got it on the spot and these days he has his old program back—same time, same songs, only this time from RFE-Munich, instead of Bucharest.

In the past 20 years RFE engineers have become the world's most knowledgeable on how to get through jamming. There's very little now, except from Czechoslovakia and Bulgaria, and the reason is that jamming backfired on the jammers. RFE engineers had little to do with it. What happened was that the people reacted so strongly when RFE was blotted out that they began saying it had to be telling the truth or else their own governments would not be so anxious to keep them from hearing it.

RFE's credibility is high because broadcasts tell the bad news of America as well as the good. Moon landings are played for all they are worth, of course—but so are racial riots and student bombings.

The fact that RFE reportedly is

*RFE gets to young Hungarians with Disc Jockey Cseke Laszlo. He presents news as well as music.*





## A Voice That Pierces the Iron Curtain *continued*



*Only experts work for RFE. Michael Costello, a senior policy assistant, speaks, reads and writes Russian, Polish and Bulgarian.*

partially financed by the U. S. government hasn't hurt a bit. It's nothing new to listeners in the communist bloc for governments to put on radio shows. Every word they hear on their own national networks is straight from the regime's mouth.

### **Hungary's unhealed wound**

RFE has been careful in recent years to say nothing to incite people to take to the street. Just before the Hungarian revolution of 1956 a London newspaper misinterpreted an RFE quote in a way that sounded as though America was telling the people to revolt. When the people did just that and no help was forthcoming from the West, disillusionment with the United States, Britain and France was deep. That wound is still unhealed in Hungary.

Several Western radios point at the East, but only RFE is a private operation. The British Broadcasting Corp., which is a diminishing force, is government. So are the Voice of

America, which is part of the United States Information Agency, and Deutsche Welle, the German propaganda station.

RFE's audience behind the Curtain is normally larger than those of the others, according to opinion polls conducted by professional, nongovernment organizations. Some 8,000 Eastern travelers to the West are checked yearly, as are about 10,000 letters from inside the Curtain.

If further proof of RFE's comparative effectiveness were needed, there are admissions from communists themselves, and the fact that RFE broadcasts are jammed more than the others are.

It is known that every word RFE puts out is recorded in several, if not all, capitals in the Soviet bloc and that resumés or full transcripts are supplied to high party and government functionaries.

Some RFE equipment is 19 years old and needs replacing, but RFE is generally well equipped to do the job expected of it.

The staff of 1,642 is professional. Several hundred are veteran newsmen who have worked for the Associated Press, United Press International or Reuters. They are based not only in Munich, but at a program-production and financial headquarters on Park Ave. in New York, and in bureaus in Athens, Berlin, Bonn, Brussels, Geneva, London, Paris, Rome, Stockholm, Vienna and Washington.

Of 975 RFE people in Munich, only 209 are Americans, and of the 369 technicians working at the main transmitter station at Gloria, Portugal, only six are. Other transmitters are at Holzkirchen, Biblis and Schleissheim in Germany.

Information and news put out by RFE comes from Western news agencies and from the widest possible variety of communist sources. There is 24-hour-a-day monitoring of every radio station in the western part of the Soviet Union as well as in East Germany, Poland, Czechoslovakia, Hungary, Romania, Albania and Bulgaria. Radio teletype reports are pirated from 11 communist news agencies, including TASS of the Soviet Union, Hsinhua of Communist China, CETEKA of Czechoslovakia, PAP of Poland, MTI of Hungary,

Agerpres of Romania, BTA of Bulgaria, Tanjug of Yugoslavia, ADN of East Germany, ATA of Albania and VNA of North Viet Nam.

To enrich the information input, RFE gets 1,600 publications (900 of which come from behind the Iron Curtain).

As the flood pours into the Munich newsroom around the clock, 365 days a year, it is studied by newsmen and by experts—many of them refugees from behind the Iron Curtain—in most any subject that can be thought of. To the flow, these experts add analyses and background and balancing information from RFE files.

A library of 45,000 volumes on East European subjects is a few steps down the hall. Personality files are available on any person of consequence behind the Curtain.

This mass of facts and opinion is reduced to five reports which go out separately to the five countries to which RFE broadcasts. Reports are given by natives of the nation to which they are beamed.

RFE is on the air to Czechoslovakia 20 hours a day, to Poland and Hungary 19 hours a day, to Romania 12 hours and to Bulgaria 7 1/2.

Additionally, RFE has an extensive mailing list of Western newsmen and leaders who use information it sends them.

### **Advice from Ike**

Shortly after RFE was begun, Gen. Eisenhower said it should only "Tell the truth." It follows that advice.

President Kennedy struck a note similar to Ike's when he said:

"We have no more important job than to insure that the people of all countries receive the truth so that they will be able to reach intelligent judgments. The faith of peoples in dominated countries of East Europe in the future possibility of freedom and their will to resist ceaseless indoctrination depend on their having a continuing access to undistorted news and information."

Gen. Clay, in discussing RFE's founding, said he had "a firm conviction that we needed, in addition to VOA, a different, broader voice; a voice of the free people, a radio which would not speak the words of govern-



## THE SHOE PINCHES

If anyone needs confirmation that Radio Free Europe gets under communist skins and that millions of people behind the Iron Curtain listen, then consider what is said behind that Curtain about RFE:

✓ From Mieczyslaw Moczar, leading Polish communist: "The main tool of psychological warfare has become Free Europe, which conducts, with the aid of anticommunist emigrés from various socialist countries, a broad radio and printed propaganda campaign which concentrates its fire mainly on our party, trying to discredit it and to undermine the authority of its leaders and the people's trust in its policy."

✓ From *Trybuna Mazowiecka*, Communist Party district newspaper in Poland: "In these undoubtedly difficult days some Poles have been permanently sitting at the radio listening to RFE."

✓ Radio Moscow constantly feels called upon to deny—and thereby acknowledge existence of—RFE reports.

✓ An international gathering of communist journalists in Sofia, Bulgaria, in January, 1969, and a new Polish Institute for the Study of East-West Relations spent hours analyzing RFE, trying to chart some way to counteract it.

✓ Several youth programs on communist radios copy format and content of RFE programs.

✓ A Polish official said a year ago that RFE has become "a real political force which reaches within our country" and which requires "very serious study and a careful choice of the means of counteraction."

✓ Gustav Husak, Czechoslovakia's Communist Party chief, said recently that some Czechs were writing "the same things" and using the "same way of speaking and frequently the same terminology" as RFE.

✓ Last summer, shortly before the first anniversary of the Soviet invasion of Czechoslovakia, communist media blamed RFE for causing the August, 1968, uprising. Twenty commentaries along this line were

monitored within one month. At one point party chief Husak said RFE, as well as Alexander Dubcek, his predecessor, forced the Soviet Union to invade Czechoslovakia.

✓ A survey of Czech party workers recently asked what sources they drew on for information on internal political problems. Creditable sources report that in Bohemia the answer in confidential party bulletins was that "listening to RFE is relatively widespread."

✓ In 1966 RFE predicted that certain modifications would be made in the Central Committee of the Czech Communist Party. A year later what was predicted happened. RFE's source was a Central Committee member who leaked the information so the Czech people would know about the fighting in the communist hierarchy.

✓ A Polish leader recently made a secret speech to a political group. When he reached his home his wife told him she had just heard about it over RFE.

ment, but would speak to each country behind the Iron Curtain in its own language, using the voices of those who fled for their lives because of their beliefs in freedom."

So that RFE would not be too closely identified with the United States, it was decided years ago that Europeans would play a big role.

A West European Advisory Committee to Free Europe, Inc., now meets yearly and has as members such men as French Foreign Minister Maurice Schumann; Dirk Stikker, former secretary general of NATO; Rainer Barzel, one of the topmost members of West Germany's Christian Democratic Union; Jo Grimond, former leader of Britain's Liberal

Party; and Cabinet officers of several West European nations.

Working closely with them—as well as manning day-to-day RFE positions—are Ralph E. Walter, who runs the Munich operation; Richard H. Cook, his assistant; and William P. Durkee, president of Free Europe, Inc., the fund raising and policy making organization in New York.

There is constant din from the Soviets that the West German government must "clean its territory of the presence of this imperialistic tool." The most recent demand came from Poland's foreign minister.

Such demands only add to RFE's prestige with American businessmen, who donate, on their own or their

companies' behalf, anything from \$100 on up. RFE will not divulge precise amounts but it is known that several contributions each year top \$50,000 apiece. Largest donations come from the auto, steel and oil industries. Wills also benefit RFE.

At the close of a recent speech, Mr. Roche quoted from the Soviet Army newspaper, *Red Star*, which had called RFE wolves of the air and had said: "There can be no doubt that the imperialists will provide the money for RFE."

The "imperialists," Mr. Roche informed his fellow businessmen in a prideful voice, "are us." He added: "I know that we imperialists won't want to disappoint them." END



# A BUSINESS LOOK AHEAD

## CONSTRUCTION

Once-skeptical builders, who now see a big market in mobile homes, are particularly intrigued by opportunities in developing sites for them.

Demand for mobile homes is continuing this year, although some monthly figures have shown a decrease in comparison to last year (total shipments in 1969 were 410,000, up from 60,000 in 1947).

Some builders have gone into mobile home production. But most think the big market is in creating mobile home parks, complete from utilities to landscaping.

Many builders either own tracts of land or have experience in assembling sites and doing other development work. They note that one and a half units were produced last year for each available "pad" in a mobile home park.

The Department of Housing and Urban Development figures that some 3 per cent of Americans now live in mobile homes. (The government recently began including model home shipments among housing starts.) And some industry sources estimate the figure will be 10 per cent by 1980.

## MANUFACTURING

Labor force is increasingly important in industry decisions on location of new plants.

Earlier this year, Victor Roterus, a consultant with the Upper Great Lakes Regional Commission, discussed in an Urban Land Institute publication the results of spot surveys of industries which had chosen sites in small towns. He said they gave the following reasons for the choices:

"The desire to avoid congestion, untapped labor [supply], attractive wage rates, availability of workers who can be easily trained, high productivity of labor, desire to avoid large city competition for labor and avail-

ability of large plant sites at reasonable costs."

Mr. Roterus commented: "It is noteworthy that five of these seven factors deal with different aspects of the labor reserve."

NATION'S BUSINESS editors also have found this type of thinking among manufacturers.

Many are concerned over work habits and attitudes that are reflected in quality control. And they are increasingly concerned about the effect their industrial neighbors may have on attitudes toward management in the community labor force at large.

## MARKETING

The lean and mean way of life that's taken hold on Madison Avenue during the economic pinch will carry over into the upswing in business. That's the forecast of a long-time observer who's been through it all before.

The pattern has been evident for months: Marketers getting tougher, more aggressive, driving harder bargains with media; fierce competition among outlets.

Fat's been cut back, and so have ambitious programs. In the shop, the really crea-

tive people have been worked harder. Marketing strategy has been more analytical, with less tolerance of saturation and overkill. The "creative play school" of witty and entertaining ads that don't necessarily move the goods is out of favor.

Many agencies are relearning the lesson that they can perform more efficiently with fewer luxuries. And the really productive people who have been performing under the gun will remain intolerant of those who haven't.



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## AGRICULTURE

Researchers hope a new technique will solve a vexing problem of solid waste disposal and yield an important by-product: use of nutritional substances now discarded.

Experiments are focused on disposal of rice straw, which normally is burned, creating smoke haze problems. Plowing it under is costly and reduces soil productivity.

It has good cellulose content, but the

cellulose is "locked in," preventing assimilation when the straw is used as cattle feed.

Researchers in California have developed a method of subjecting the straw to steam, chemical application and pressure to release the cellulose. Tests show this can double the straw's digestibility.

The Agriculture Department hopes the process will be adaptable to other wastes.

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## CREDIT AND FINANCE

Now is the time to watch for certain key signs of what will happen to interest rates.

One is demand for credit by business and state and local governments—as well as the U. S. Treasury's seasonal borrowings.

Business, of course, has scaled down expansion plans for plant and equipment, one of the tip-offs to a slowing economy.

And the Investment Bankers Association of America has noted that bond sales by state and local governments for educational

purposes alone plunged to \$3.1 billion last year from \$4.6 billion in 1968.

Municipal bond sales for utilities and conservation projects likewise dropped—from \$2.7 billion in 1968 to \$1.6 billion in 1969.

The extent to which improving economic conditions prompt business and government to open up the logjam of pent-up borrowing demand should have a major effect on credit, say banking sources.

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## FOREIGN TRADE

Only glacial progress is expected for U. S. efforts to win greater liberalization from Japan in its economic relations with this country.

Increased Japanese textile exports to the United States, which created pressure leading to the Administration's support for quotas, are symbolic of Japanese unwillingness to negotiate a more balanced trade relationship.

Textiles aside, the major sticking point is that the Japanese maintain barriers against U. S. exports and investment at a time when they enjoy their best overseas economic opportunities here.

Washington officials attribute this to Japan's underlying, long-term insistence on pursuing protectionist policies more suited to an underdeveloped nation with infant industries than to an industrial giant.

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## NATURAL RESOURCES

Congressional warnings are rising that the natural gas shortage will be more serious next winter and may be critical by 1972.

Already there have been warnings from the Federal Power Commission, the Interior Department, the Office of Emergency Preparedness and others.

Several industry sources have reported that demand far exceeds supply and that availability has held sales far below potential

volume. The American Gas Association says its estimate of potential reserves, in the ground but not yet discovered, is greater than ever before.

It believes such reserves total 1,227 trillion cubic feet, enough to meet projected demand into the next century.

But there's increasing talk in Congress that concern over the environment may curb the tapping of offshore reserves.

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## TRANSPORTATION

A battle over the future of the interstate highway system is slowly building up in Congress toward a climax in 1972.

Some sort of extension is in the cards for this year from Congress for the program, which expires in September, 1972, to permit allocation of funds to the states for the next fiscal year. But Congressional sources expect that this action will not be decisive.

The real fight will come in 1972. That's

when the Administration must submit its analysis and recommendation based on an updated highway needs study for the nation, which will include surveys conducted by the states.

Already, some urban forces are beating the drums for a unified transportation trust fund to break restrictions on the highway trust fund and make more money available for urban mass transportation.



## **EDITORIAL** THE WISE WAY

To get the economy rolling, some businessmen favor easy money and less effort to contain inflation.

At the other extreme, some would fight inflation with the ultimate weapons—price and wage controls.

President Nixon has wisely chosen a middle course: continued restraint but no controls.

Since this won't please everybody, it's said to be poor politics. It isn't. Voters are wise, too.

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